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THE PEOPLE'S PART
IN PEACE

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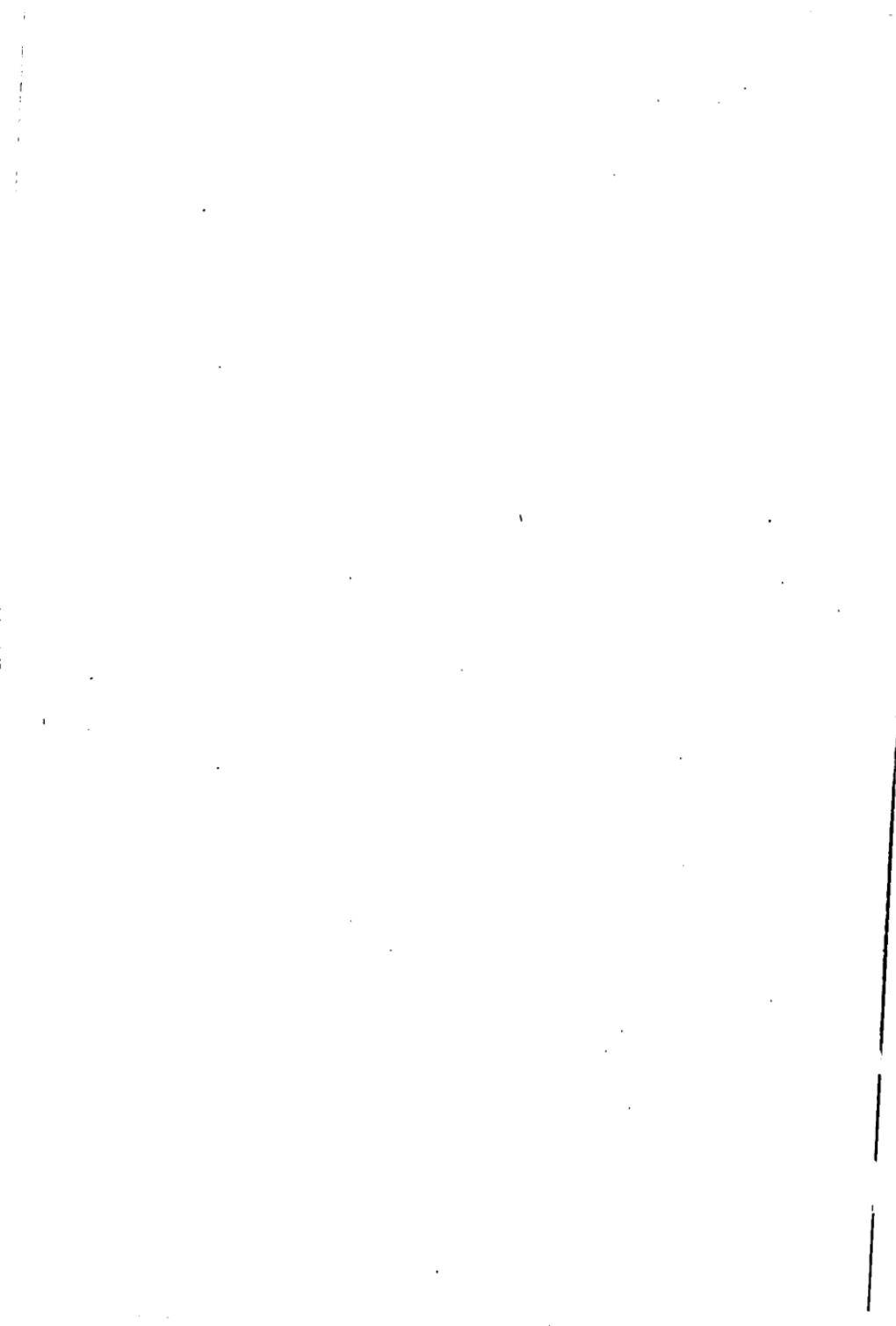
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THE PEOPLE'S PART IN PEACE

*An Inquiry into the Basis for a
Sound Internationalism*

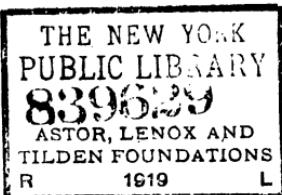
BY
ORDWAY TEAD
Bureau of Industrial Research
Author of "Instincts in Industry"



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1918

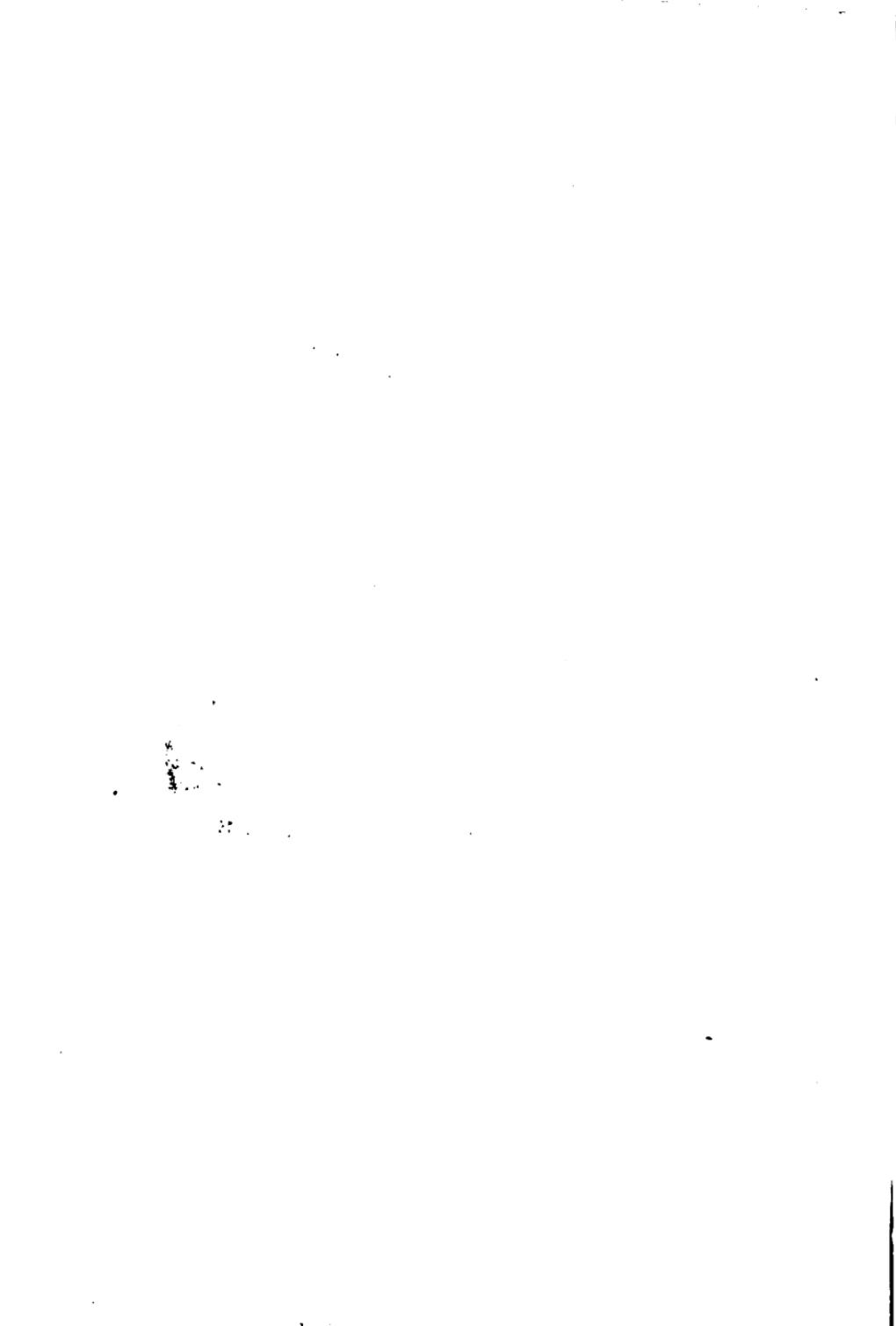
"It is the peculiarity of this great war that while statesmen have seemed to cast about for definitions of their purpose and have sometimes seemed to shift their ground and their point of view, the thought of the mass of men, whom statesmen are supposed to instruct and lead, has grown more and more unclouded, more and more certain of what it is that they are fighting for. National purposes have fallen more and more into the background and the common purpose of enlightened mankind has taken their place. The counsels of plain men have become on all hands more simple and straightforward and more unified than the counsels of sophisticated men of affairs, who still retain the impression that they are playing a game of power and playing for high stakes. That is why I have said that this is a people's war, not a statesmen's. Statesmen must follow the clarified common thought or be broken."

—PRESIDENT WILSON, at New York City, September 27, 1918.

"This is a peoples' war and the peoples' thinking constitute its atmosphere and morale, not the predilections of the drawing-room or the political considerations of the caucus. If we be indeed democrats and wish to leave the world to democracy we can ask other peoples to accept in proof of our sincerity and our ability to lead them whither they wish to be led nothing less persuasive and convincing than our actions. Our professions will not suffice."

—PRESIDENT WILSON to Congress, September 30, 1918.

17. Dec. 18



PREFACE

IN this book I have attempted to answer the question: How can the peace terms and conditions contained in the Inter-Allied Labor War Aims * be given practical effect? In complete harmony with President Wilson's fourteen-point speech, the declaration of the workers of Europe does, however, give fuller expression to the economic aspects of their peace demands. And since I am here treating *only* the economic phases of international reorganization, the Labor War Aims furnish the more concrete basis for discussion. The fact that these aims are supported by millions of workers in the Allied, and even in the Central European, countries is another and final reason for examining them closely in the effort to see how they may be given substance in the world after the war.

My exclusion of the non-economic problems —questions of self-determination, territorial re-

* This is published in full in a supplement to the *New Republic*, March 23, 1918.

arrangement, political demands of all sorts—is deliberate and intentional. They are left unconsidered, not because they are without primary importance, but because, in the first place, my own field of special interest and acquaintance is in the world of industry and economic forces; and, in the second place, because I am confident that the right handling of problems of raw materials, foreign trade and investment, shipping and labor laws, will reduce to a workable size—and in some cases wholly remove—the difficulties of territorial distribution.

This work is not therefore a piece of one-sided, special pleading. It frankly acknowledges the limitations which it sets for itself. It realizes that there is a whole other set of problems whose solution is called for; although it is written on the assumption that in the last analysis the economic causes are preponderantly determining.

The time has come when discussion of the people's peace terms is no longer considered as distracting from the utmost prosecuting of the war in a military way. This is as it should be. For, rightly undertaken, the discussion of war aims provides a strong moral underpinning for

the conflict at arms. Clarity of purpose, conviction of righteousness in one's cause, firm determination regarding the desired consummation of so much sacrifice and suffering—these are indispensable to an invincible morale. And these we have to an increasing degree, and can have to a still greater degree if conscious efforts are made to see and to support the practical implications of the President's and Allied Labor's peace terms.

The importance of popular support of the implications of policies which have already been finely affirmed cannot be overestimated. The time has come for lip service to give way to understanding and enthusiastic support of the principles of economic freedom *as they must be applied*. I have tried in this brief book to contribute my bit to the discussion of this application of principles. The argument is simplified and abbreviated. It is oversimplified; but I have purposely made the outlines of my thesis sharp and unqualified. This is not a book for scholars, else it would contain the qualifications and modifications with which scholars are fond of obscuring their ideas. This is a book for the people, written to help in that pooling

of ideas and suggestions which is necessary to the securing of the Allies' major war aim—a permanent peace.

My desire has been to make suggestions which may be of immediate value and use in—and even before—the great settlement. But with that practical purpose in view, I have nevertheless aimed also at the statement of principles and ends which cannot be immediately realized. I hope that the book is "utopian" in no objectionable sense. But even while we are playing the game, it is, I believe, essential that we have our eye on the ultimate stakes, on the fundamental demands of a progressive humanity.

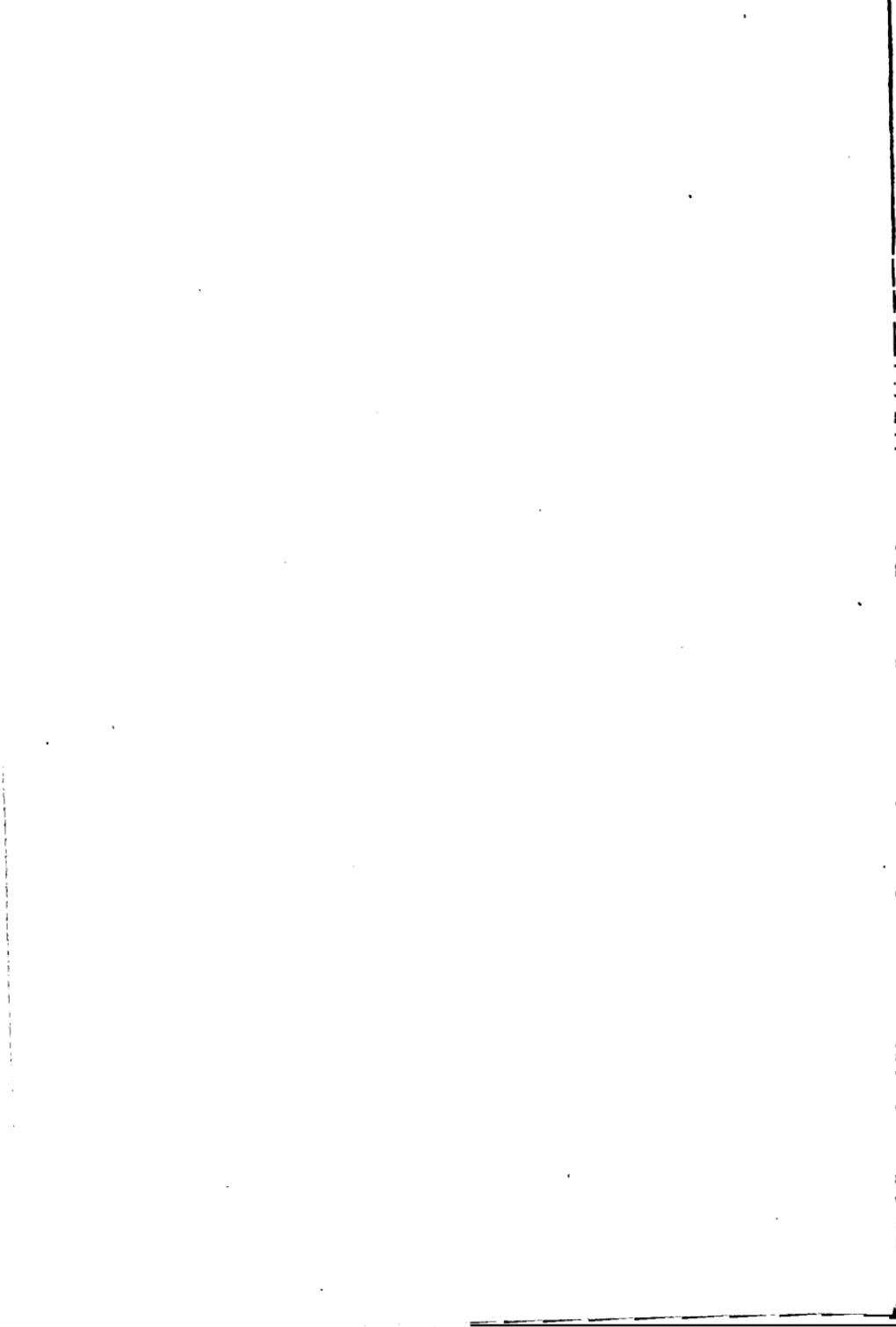
I shall be glad, finally, if this essay can help to serve one more immediate purpose. I am discussing here the necessity for building international government out of the agencies which dire need has already shown to be indispensable. Further study and discreet publicity regarding the workings of all existing inter-Allied bodies is an important aid in this direction. There might profitably be selected in our own country a small commission to join with the Allies in an exhaustive analysis of the functions and effectiveness of the numerous joint boards and coun-

cils. It is not enough to know that these exist. The people should know, in so far as it is compatible with necessary military secrecy, how they work and to what good ends.

Acknowledgment must be gratefully made to a number of friends whose criticism and comment have been invaluable throughout the preparation of this material. Especially has my wife been my constant adviser and source of encouragement in this, as in all my labors.

O. T.

Bureau of Industrial Research,
October, 1, 1918.



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THE PEOPLE'S PART IN PEACE

CHAPTER I

INTRODUCTION

THE plain people of the world want peace. Not peace at any price, but conditions in the world at large, in the dealings of nation with nation, which will make permanent peace a reality and war an impossibility. The Allied cause achieves its intense glow and high moral enthusiasm from this one fact alone: the people's conviction that this is a war that will end war. "What we seek is the reign of law," says President Wilson, "based on the consent of the governed and sustained by the organized opinion of mankind."

In similar vein is Lloyd George's declaration to the trade unionists at Westminster: "We are fighting for a just and lasting peace."

And finally there is the statement in the Inter-Allied Labor War Aims, a document speaking for some millions in the working-class move-

ments of England, France, Belgium, and Italy, to the effect that "whoever triumphs, the people will have lost unless an international system is established which will prevent war."

But the Labor War Aims go much further than this generalization. They are quite specific in their diagnosis of the sources of conflict between nations. They reveal the leaders of the European labor movement as penetrating masters of economic theory. And their analysis of the weakness of nineteenth-century industrialism is not to be misunderstood even if it is not agreed with. The workers are opposed, says their statement of War Aims, "to the projects now being prepared by imperialists and capitalists, not in any one country only, but in most countries, for an economic war after peace has been secured, either against one or other foreign nation or against all foreign nations, as such economic war, if begun by any country, would inevitably lead to reprisals, to which each nation in turn might in self-defense be driven."

They realize "that all attempts at economic aggression, whether by protective tariffs or capitalist trusts or monopolies, inevitably result

in the spoliation of the working classes" . . . and constitute "a grave menace to peace."

They urge the importance of the utmost possible development "of the resources of every country for the benefit, not only of its own people, but also of the world."

And they stress the "need for an international agreement for the enforcement in all countries of the legislation on factory conditions, a maximum eight-hour day, the prevention of 'sweating,' and . . . the prohibition of night work by women and children."

Finally, they recognize the necessity for systematic arrangements, "on an international basis, for the allocation and conveyance of the available exportable surpluses of these commodities [foodstuffs] to the different countries, in proportion, not to their purchasing powers, but to their several pressing needs."

In a word, their statement, brief as it is, lays down several principles which are fundamental at once to permanent peace and to a wise reconstruction. The workers are saying that among the chief provocations to war are the demand of all nations for access to raw materials; the unregulated exportation of capi-

tal; preferential tariffs; the sale of credit in foreign lands on terms of special advantage; and the inequality of labor standards between countries with the movements of population which this is likely to entail.

To the wiping out of these provocations the organized workers of Europe are now committed. They demand a democratic peace as the only kind of peace that will assure a fundamental attack upon these problems; and they favor the creation of a league of nations as the super-body which shall be charged with the international administration of their solution. Moreover, in order to assure adequate consideration of the problems they consider most critical, working-class representatives are demanding a place at the peace table; and they contemplate a world labor conference to be held simultaneously with the official negotiations of settlement.

Alone among the political factions in their respective countries the working-class parties, the parties of the people, are passionately united in their repudiation of selfish economic gains as the outcome of the war. Alone among the special interests the workers insist that "of all the conditions of peace none is so important to the

peoples of the world as that there should be henceforth on earth no more war."

This faith and aspiration are splendid. The logic of labor's economic analysis seems irrefutable; its positive principles seem unassailable. But how, practically, are the people to give them effect? Can labor in the Allied countries project plans for actual organization through which their bold desires can be fulfilled? Upon their ability to grapple with these immense problems depends the effectiveness of the liberal labor movement in international affairs in the next quarter-century. The organized workers have an immensely sobering task—a task not only self-chosen, but one imposed by the sheer weight of their interest in the right kind of peace. They have a duty,—which fortunately all liberally minded workers "of the head or hand" share with them,—of examining existing proposals which give promise of assuring permanent peace; of making public what they believe to be the predominant causes of war and of suggesting further plans intended to eliminate those causes.

It is my purpose here to consider these several problems in the light of the people's peace demands and of existing facts in the world of

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international affairs. I shall consider first, the one big constructive suggestion which the world has now to work upon—the league of nations. What specific methods there may be by which to maintain a public control of the purchase and sale of raw materials and manufactured articles on an international scale, to oversee the export of capital and the sale of credit, and to control the world's shipping, will be considered second. The proposals for equalizing standards of labor legislation will then be treated; and a further chapter is devoted to discussing the basis of representation in international bodies. After that will follow a discussion of the demand which the functioning of international bodies puts upon each nation to have in operation a well-integrated industrial organization; and in conclusion brief reference is made to the animating attitudes and purposes which are the essential attendants of a condition of permanent peace.

CHAPTER II

THE LEAGUE OF NATIONS

"We must seek by the creation of some international organization to . . . diminish the probability of war."

—Mr. LLOYD GEORGE to the Trade Union Congress
at Westminster, January 5, 1918.

THE first practical suggestion to which the people are lending support is the demand for "a general association of nations." They want a league of nations which shall be a league of peace. This idea has had a wide appeal. It has been taken up and seconded by labor groups and liberals all over Europe and in this country. Yet despite the widespread and sudden popularity which the proposal for a league has attained, the conception is still somewhat tentative and remote. It still suffers from too great a generality of statement. And there is real danger that without some further examination and definition, the phrase will be used against the people's real interests in an effort to get their support for organizations which have little

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or no value for the attainment of their ultimate end—which is a just and stable peace.

There are at least four angles from which the current notion of a league requires comment:

It carries with it too much of the language and the ideas of *political* government only. The league is almost always referred to in terms of an analogy to the nineteenth-century political State. In consequence of this,

It is not clear what functions a society of nations would assume.

And in the absence of any definite idea of its functions we find our thinking falling into the errors which surround the “social contract” theory of organization.

Then, finally, there is the danger that we are about to transfer to some international body a conception of sovereignty which in the modern state we are fast outgrowing.

It is important to examine each of these statements in turn, if we are to reach a conception of a league of nations which has real meaning and which has some demonstrable connection with this major passion of the people—the passion for peace. For surely our interest in this world league is in proportion to its prob-

able ability to maintain amity among the nations.

Unless the idea of a society of States is removed from the realm of the abstract, the first danger is that all the familiar analogies of the familiar political State will attach to it. This danger has already to be met. The inter-Allied workers contemplate the immediate establishment actually as a part of the treaty of peace with which the present war will end, of a universal league or society of nations. "The constitution of such a League of Nations implies the immediate establishment of an International High Court not only for the settlement of all disputes between States that are of a justiciable nature, but also for prompt and effective mediation between States in other issues that vitally interest the power or honor of such States. . . . It will also be necessary to form an International Legislature." But what these justiciable issues are, upon what matters the "international legislature" should legislate and the "high court" decide—these are vital questions for which no definite answers are suggested.

To be sure, in another section of the Labor War Aims document there are suggestions as

to possible subjects for international dealing, but the phrases "supernational authority," "international high court," and "international legislature" recur elsewhere in the literature on this subject to an extent which warrants comment.

The nineteenth-century State had certain definite attributes, and what I am interested in pointing out is the grave risk we run if we commence to discuss our society of nations in the same terms. For example, we have seen the political State become more and more unsettled in its relations to industry and to its whole internal economic life. Our American Congress has been nominally the agent of the people, an agent representing territorial interests. Yet more and more it has become clear that the forces actually at work in Congress are not to be identified with the interests of the whole people in the congressional districts, but with the interests either of the party which elected the Congressman or of the business group which is dominant in the district. Our local minorities are unrepresented in the national councils, and our local majorities are all too apt to be the unwitting instruments of special business

interests. Moreover, the issues upon which Congress is forced to make decisions are issues which the representatives of territorial districts, as such, are not prepared, interested, or equipped to decide.

That the force of this point has been driven home in our public life is indicated by the fact that Congress is increasingly delegating power to commissions and bureaus, partly administrative and partly legislative in character. It has recognized that railroad rates, for example, cannot be conveniently legislated upon with the machinery which Congress itself affords. Yet it still attempts to determine by legislative action such complex matters as the working hours of railroad employees, the price of wheat, the wages of Federal employees, and tariff rates.

There are two main points in this analysis, points which serve us in discussing international affairs. First, we are finding it difficult to be sure that our representative government provides representation for those whom it is intended shall have a voice. And, second, we are finding that our political legislative bodies are ill-adapted to deal competently with an increasing mass of special problems, largely economic in character.

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It would be untrue to say that we have become distrustful of representative institutions. But we have come to a point, where, so far as the governments of England and the United States are concerned, the attitude of professional statesmen and people alike is one of keen interest in governmental experiments which have for their object the preserving of ultimate popular control over social enterprises while at the same time delegating adequate power to experts of acknowledged competence. Our tentative efforts in the direction of proportional representation, short ballot, city managers, executive budgets, commission form of government, and the like, all have their origin in this attempt to reconcile genuine representation with expert administration.

To come back, with these facts in mind, to the international situation, it will now be clearer when I say that there is no little danger that a league of nations following too closely the model of the present State may prove unsuited to effective democratic internationalism in exactly the same way as existing political institutions have proved unwieldy instruments of local popular control. Suppose we create an inter-

national legislature, constituted like our own Congress, one house on a basis of population of the countries of the world, the other on the basis of two delegates from each country regardless of population. Is this body to set the price of wheat for the world? Is it to set factory laws having universal application? Is it to have control over the movements of people between countries? Or is it to establish general principles as to the matters which are legally subject to international control? And should it set forth the fundamental law of activities among the members of a league—become virtually a constitutional convention? And if it does this, are we to give some international court the right to pass on the constitutionality of its legislation?

To raise these questions is to point to the major issue in this discussion. There has been no public attempt to relate these plans for super-national political machinery to the enormous economic problems which obtrude at every turn. There has been an almost complete hiatus between people's thinking regarding the political activities generally assumed to be entailed by a league of nations and the industrial efforts required by an acceptance of the economic prin-

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ples which the Labor War Aims point out as vital to permanent peace. And largely because of this apparent ignoring of the economic issues the second objection arises that this world league appears to have no definite job.

What are the functions of a league of nations? This is a question for which, certainly, an answer should be forthcoming with little hesitancy. Yet it is difficult to get specific answers. This tendency to vagueness points to the necessity for clearly establishing a simple first principle. An organization if it is to have vitality and make good must have a definite function. Organizations which possess significance in any field come into being only in response to a need recognized and pondered until some coöperative way of meeting it is seen. A demand for the performance of a function is the only valid occasion for the creation of a body to perform it. Of international organizations this should be especially true. To be successful they must be functional in character;—that is, they must exist in response to a felt need and be so constituted as to meet that need. This truth will seem self-evident; but its importance cannot be overrated in helping to keep our thinking on

international problems clear and concrete. It will help us to get the right perspective on organizations which have resonant names but ill-defined duties.

But the league of nations, it is popularly supposed, will be charged with the duty of enforcing peace. As Mr. Wells put it, there is "plain necessity" for a universal society as a condition of organizing the world for peace. Yet whether or not "keeping the peace" involves a concrete program and definite activities has still to be discovered. Certainly as we have construed it in political and diplomatic affairs down to the present the peace-keeping job is very much in the air, related to a thousand projects and policies, but having no single and genuine rallying point of its own. In existing institutions the task generally characterized as "preserving the peace" is largely a negative one. No one would seriously suggest, for example, that the municipal court by virtue of its function of maintaining order provides the cohesive force which holds the local community together. There are a thousand local functions more indispensable, more vitally contributory to the preservation of law and order. In reality, it is

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through the administration of health, education, municipal trading, and the various local utilities which are urgently required by common necessity that the local community is unified and stabilized. The power which vests in the law-enforcing body is necessary in the community. A certain insignificant minority of the people do have to be forcibly brought into line with the social amenities. But the effective agents of social control are universal education, popular consent to the laws of the land, social ostracism (boycott) caused by individual digressions from group standards of conduct, and a vivid knowledge that apart from human association in a responsible civic group there would be no safety and no sustenance.

All of this applies with equal and even greater force in respect to international relations. The preservation of law and order, the receiving of food and shelter, the supplying of the elementary wants,—these do not come as a result of world organization; rather is world organization forced into being by the necessity of preserving order and providing food and safety in transit for men and ships. The functions upon which common necessity dictates coöperation are

the ones around which the nations should build up their joint organizations.

This is in line with the war's great lesson; that peace is best maintained not so much by efforts to keep the peace as by efforts to solve the problems that provoke the nations to war. If, as a recent writer observes, "all nations act from self-interest," it is only honest moral economy to entrust to super-national bodies definite tasks in the performance of which each nation is interested. And where the common self-interest of each country is best served by common participation in the solving of common problems, we shall not be able to escape acting together, and peace instead of being enforced by the sword will be maintained by the pressure of universal necessity.

If, then, I have raised any doubt about the functions of a league of nations, it is not with a view of minimizing them. Quite the contrary. The world's foremost problem at this hour is to clarify public opinion regarding the functions which each nation should gladly require the league to assume. It is our task to discover what issues require international action to ensure national salvation.

Such necessitous problems are obviously to a large extent economic in character. They relate to the extraction and shipping of raw materials and food. To determine upon what matters co-operative action is imperative, and isolation equivalent to starvation, it is therefore necessary to undertake further analysis. In the next chapter we shall see what the needs of the present situation are, indicate how they are being met, and discuss in a general way what after-war solutions for our problem the war organization suggests.

The third point in our discussion of the idea of a society of nations may appear at first sight to be somewhat metaphysical. Actually, however, it has very practical bearings and consequences. As Professor Seignobos says in *The New Europe* of April 4, 1918, the league of nations is a "translation into international terms of the doctrine of the social contract." Reduced to simplest terms, this doctrine says that governments arise out of a conscious acceptance of a contract of joint action and responsibility among the people who are parties to the contract,—that is, among the members of the State. The doctrine was formulated in an

effort to explain how people became associated together under systematic governments. It stresses the idea of a deliberate rational intention shared by a group of people, as the actuating motive in the creation of political ties. It minimizes the element of common necessity. The Pilgrims signing the compact in the cabin of the *Mayflower* have become the classic example of this theoretical explanation of the origin of constitutionalism in a conscious act of thought and will. Yet this example rightly interpreted illustrates the exact opposite of the social contract theory. Actually it illustrates the fact that *some common necessity, some situation in which the interests of each are best served by common action*, is the real occasion of the signing of a common contract—is the real occasion for organized group activity.

If the league of nations is to be built on no deeper foundations than the deliberate rational intentions of the several nations—no matter how good those intentions are—it will partake of the same unreality which vitiates the social contract theory itself. Good intentions, rationally conceived plans of things that ought to be,—these are not the groundwork on which a

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sound and permanent superstructure of internationalism can be reared. If there are to be contracts and if contracts are to have force and effect, the ties that bind must be ties of necessity, of common need, of joint gain and advantage by the upholding of the contracts.

Finally, the stressing by all the advocates of a league of nations, of the demand for a "supernational authority," has in it serious elements of risk. It is one thing to say that with respect to any particular issue which arises between nations there should be some one body to which final appeal in those special matters may be taken. But it is quite another thing to say that, with respect to all issues, all appeal should be to *one* great, supreme "International High Court."

The alternatives here should be quite plain. There are numerous critical problems, any one of which might precipitate war, or the desire for war, among certain groups in different countries. The demand for an extortionate price for wheat by the growers of one country; refusal to sell a surplus of raw cotton, restrictions upon the investment of capitalists of one country in another area; confiscatory taxation of

foreign-owned properties in a country where socialization of natural resources is being undertaken by that means,—these are only a few problems of the kind which *some* international agency may be called in to settle. Are we, then, going to turn them all over to one supreme court among the nations? Or are we to have competent special agencies entrusted with the authoritative handling of problems of wheat, of cotton, and of investment—agencies which include in their personnel representatives of the several special interests in connection with each of the problems?

We know, as Professor Seignobos has phrased it, that "modern civilized States are founded on the idea of national sovereignty, which, in naked terms, is simply the legalization of the force possessed by the respective Government." We have seen the uses and abuses to which that force can be put in the hands of States, whether they be nominally democratic or nominally autocratic. Labor, especially in England, has lately come to a strong antipathy for the degree of centralized responsibility which the absolute sovereignty of the State entails.

The very problems over which an interna-

tional sovereignty might assert itself are already causing alarm to the people when they are handled by the several sovereign States. The "rationing" of raw material, price-fixing on essential commodities, the drafting of man-power for military service, the taxing of modest incomes for purposes of defense;—these are all matters concerning the administration of which labor has felt aggrieved, either because the workers are not fully represented in the administration or more especially because they indicate a too powerful concentration of power in the hands of the State. Indeed, it is not too much to say that organized workers the world over, have come to fear the State to the extent that the State means not common action for the common good, but rather action enforced upon the people by a dominant governing group (regardless of how that group gets its power). People are coming to realize that claims of absolutism, of final authority and ultimate power are as inimical to personal freedom and growth when they are made in behalf of States as when made in behalf of churches or institutions of any kind.

For these reasons the practice of absolute

sovereignty and faith in it are everywhere on the wane. The power of the State, as State, promises to decline as power for public and social control is better organized through functional and more or less voluntary groups.

Yet in the face of this tendency publicists are proposing—and the people are supporting the idea—not alone to have one supreme source of authority in international matters, but to enforce its decrees by the use of an overwhelming aggrandizement of internationalized force. This idea gets its clear acknowledgment in the title of the League to Enforce Peace. Unquestionably regarding specific questions of territorial division and economic adjustment between nations it may be necessary and practical to create temporary umpires, exactly as we now do, who will arbitrate differences and hand down decisions to the acceptance of which the parties are committed before they go to arbitration. But it is a fair question whether the transfer of absolutism in sovereignty from the State to the super-State (which is what the proposal for a league to enforce peace really comes to) would not be paying too dearly for a very doubtful gain.

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Mr. G. D. H. Cole in his *Self-Government in Industry* proposes that within the State the problem of adjusting the claims of sovereignty to the claims of personality can be solved by dividing sovereignty between the supreme organization of the nation in its producing capacity (an industrial parliament) and the supreme organization of the consumers (the present political parliaments). If issues come to a deadlock between these two groups, the only recourse, as he conceives it, is to effect whatever ultimate adjustment is possible without an appeal to force. In the contest for power between the State as producer and the State as consumer, the individual gets his chance to preserve and advance the claims of personality and freedom. Perhaps his approach to the problem has its suggestion for our thinking in international affairs. Certainly, as we shall see in succeeding chapters, the sort of functional division which his scheme contemplates seems inevitably necessary and sound in the building of administrative machinery on a world scale. For it becomes clearer each day that if international government means the reëstablishment of absolute sovereignty on a basis twice removed from

popular control, the weakness of that government will be fundamental and the allegiance it can summon will diminish as soon as its exercise of power becomes significant.

The league of nations is far from being an impractical suggestion. To be sure, as popularly understood, the idea loses much of its force and attraction. Conceived and erected on the conventional political lines we have traced, it would not be as useful as it might be; and it might even be a dangerous instrument of power and privilege. But latent in the proposal are vital elements which must be stressed and which the people must insist upon developing. This central demand for joint action on problems which the nations cannot solve single-handed is undeniably sound. In consequence our task is to find the problems upon which the nations admit the need for joint action, and to advocate the creation of super-national bodies which are adapted to solving each particular problem in question, whether it be, for example, distribution of the world's wheat or fertilizer supply, the protection of patents and copyrights, the establishment of an international gold clearance fund, the framing of uniform labor laws for

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the nations, or the adjustment of territorial boundaries.

The league of nations will be effective if it directs its attention to analyzing the common needs of the nations and to instituting functional organizations of administration and control. This is its first important work. It must set up under genuinely representative control agencies calculated to solve the problems upon which the nations *must* coöperate if they are to be solved at all. To this end the people must demand, as one of the preliminaries to the peace conference, that a World Committee on International Organizations be organized and charged with the evaluation of the organizations which now exist in the light of the functions which it is agreed require international bodies for their performance.

CHAPTER III

ECONOMIC GUARANTEES OF PEACE

"The League must seek to keep nations loyally within it, not because they dread superior force and bow to threats, but because they see their interest in remaining within it.

"The surest way of keeping the League together will be to attach to membership of it economic advantages so evident and so large that no sane nation will venture to forfeit them by secession, or by disloyal conduct to bring about its own eviction."

—H. N. BRAILSFORD, in *A League of Nations*.

To secure the kind of guarantees that will assure a stable peace must be the immediate preoccupation of all liberal defenders of a new social order. This means that we must study the existing structure of international relations to discover two things: first, upon what problems necessity dictates coöperation among the nations either because of actual deficits in the world's supplies or because of the palpable inefficiency, gross waste, and the expense of a world system of competitive industry; and second, what types of international organizations already exist to cope

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with these difficult matters. Only with these facts in view will the nations be prepared to answer the great question: what shall the league of nations do to make the keeping of peace not merely desirable, but absolutely essential to the livelihood of each member of the league?

The relation of this discussion to the possibility of permanent peace will be most clear if we consider the above questions in turn, in connection with the several problems in the economic field upon which international dealings in the past have caused trouble and even warfare. These problems are

- (1) the purchase of raw materials
- (2) the sale of goods into foreign markets
- (3) the sale of credit in foreign lands
- (4) the export of capital for developments in foreign lands by foreign capitalists
- (5) access to adequate shipping facilities and
- (6) the movements of population between countries caused by varying living and working standards.

Confining ourselves in this chapter to the first five of these problems, let us see to what extent existing efforts to handle raw materials suggest a method for peace-time treatment.

(1) *Raw Materials*

The war has forced the extension of purchasing between the Allied nations on to a tremendous scale. In order to secure adequate supplies of all sorts of commodities from peas to potash * the several governments have themselves taken over much of the buying. As Mr. Hoover pointed out in a recent address, "the European governments have been compelled to undertake the purchase of their supplies both for civil and military purposes. There has grown up an enormous consolidation of buying for 120,-000,000 European people a phenomenon never before witnessed in the economic history of the world." In order that there should be no competitive bidding in this gigantic buying enterprise the Allied countries have undertaken to fix prices on certain articles; and these prices are effective in this country not only for the buyers from foreign governments but for domestic buyers as well. "We find ourselves," says Mr. Hoover, "in the presence of a gigantic monopoly of buying, just as potent for good or evil as any monopoly in selling, and in many

* For a full list of these see the Report of the War Cabinet for 1917, London.

instances either making or influencing prices. Therefore, not through any theory, but through actual physical fact, the price made by this gigantic buyer dominates the market."

The purpose of this control is to secure a distribution on a basis of prior need and fair price—to supply essential goods to the Allied countries at a cost not inflated by profiteering. To accomplish this, the Allies have created a number of Inter-Allied Purchasing Commissions under the Commission Internationale de Ravitaillement. On one or another of these commissions nine of the Allied nations are represented; and they have negotiated and fixed prices for at least twenty-five indispensable war commodities. In this country, as special agencies of this organization, there are the Allied Provisions Export Commission and the commission for the purchase of munitions. In each case the members of these commissions buy only after conference with this country in order that the price and the distribution of supplies may be fair to all.

Obviously this sort of international dealing about goods and price-fixing involves within each country a considerable degree of control

over industry. Price-fixing and commandeering of supplies become more and more frequent, until it is hard to appreciate how widely the net of governmental control is now spread. It is facts of this sort which prompt the British Labor Party to urge that "we ought not to throw away the valuable experience now gained by the Government in its assumption of the importation of wheat, wool, metals, and other commodities, and in its control of the shipping, woolen, leather, clothing, boot and shoe, milling, baking, butchering, and other industries. The Labor Party would think twice before it sanctioned any abandonment of the present profitable centralization of purchase of raw material of the present carefully organized 'rationing,' by joint committee of the trades concerned, of the several establishments with the materials they require; of the present elaborate system of 'costing' and public audit of manufacturers' accounts; of the present salutary publicity of manufacturing processes and expenses thereby ensured; and on the information thus obtained . . . of the present rigid price-fixing. . . ." *

* See "Labor and the New Social Order," tentative program of the British Labor Party, published in a supplement to the *New Republic*, February 16, 1918.

The practicability of controlling large-scale purchase of goods as well as materials in the public interest has been established beyond dispute, complicated though the problem is. We know that each commodity has its distinct problems; must be treated as a separate, although related factor. We know that enormous savings can be effected if, instead of requiring each great national purchaser of coal or cotton, of locomotives, steel rails, shoes or beef, to go into the open market and pay what he must, we set up joint agencies of purchase and price-fixing. Only in this way can distribution take place without extortionate profiteering and with a closer correspondence between the amount of supplies and their fair apportionment in relation to needs.

The fact that the raw materials and goods concerning which there have been international negotiations are for war purposes in no way weakens the case for the continuance of such control when the war ends. There will after the war be the same need for conference and agreement upon the fair allocation of raw stuffs that there is today. The need in the future, as now, will be created by a desire for equally fair

treatment for all members of the society of nations; by a desire for a fair price for all purchasers; by a desire to eliminate contention over the amount and the cost of raw stuffs that shall be sold and removed not only out of the countries now industrially developed but out of the "backward" countries as well. Whether the governments continue to be the principal purchasers or whether this function reverts to large private corporations, the nations can, if they will, continue to control the extractive industries for social ends. The way is plain toward a realizing of the high purpose set forth by the Allied workers when they demand that the governments shall maintain control "of the most indispensable commodities, in order to secure their appropriation, not in a competitive market mainly to the richer classes in proportion to their means, but, systematically, to meet the most urgent needs of the whole community on the principles of 'no cake for anyone until all have bread.' "

The nations can with the same effectiveness as at present, and with equally beneficial results in removing causes of international controversy, see to it, for example, that Germany has access

to coal and iron, Great Britain to wheat and cotton, Japan to iron and cotton. When we remember the extent to which the Central Powers have during the war been cut off from sources of raw materials, it is easy to picture the desperate attempt that will be made—is already being made—by all the industrial nations to get the fullest possible share of these materials wherever they are to be found. And this attempt will produce nothing but confusion and more bitterness if the peace terms or the administrative machinery of the league of nations provide no formal international apportionment of universally needed goods.

Already the lack of raw materials has brought home to the Germans the logic of a league—a league charged with the duty of distributing raw materials in accordance with the agreed needs of each country.

Professor Schultze-Gaevernitz, an eminent economist, said in a Reichstag debate in May, 1918, that the Germans have no choice “but to secure for ourselves considerable colonies capable of supplying us with raw materials.” “We cannot ignore the fact that our enemies are nearly the whole world.” “The most important

war aim, not only for Germany, but for all the nations interested in world economy, is an equal place in the sun for everybody. But if Germany seeks equality of treatment, she must abandon the practice of dumping. It should be to our own interest if we took account of those sentiments and declared our readiness to organize an international authority that would be charged with securing the honest observance of the most favored nation rule."

Bernard Dernburg, former secretary of colonies in the German Imperial Cabinet, said recently in an article in the *Berliner Tageblatt* that, in view of the scarcity of raw materials and tonnage in all countries, a peace based on the acquisition of raw materials is impossible; and that instead Germany must secure a guarantee of the things necessary for the reconstruction of the empire through the functioning of a world distributive organization.

The testimony of a Freiburg professor is that "nothing has convinced the Germans more of the necessity of a colonial empire than the present lack of raw materials." "Our people will still be suffering want when those of the Entente have returned to normal conditions. . . . What

is the use of the most brilliant victories if our economic life cannot, owing to the pressure of our enemies, rise again after the war?" And Dernburg in a Vienna paper says again, "The situation at large demands international distribution, secured by international agreements which bind the States—that is to say, there must be a League of Nations for the world to supply a humanity destitute of raw materials."*

Director Heineken of the North German Lloyd Steamship Company quotes the following with approval, and it confirms the attitude of the other Germans whose opinions have reached the outside world:

* The *Christian Science Monitor's* account of the same article (July 29, 1918) is equally instructive:

"The solution he proposed was the general adoption, on the conclusion of peace, of a ration system for the world at large—a formal agreement as to the distribution of raw materials and shipping, and methods of payment, to be carried out under the auspices of an international distribution committee endowed with arbitral powers. Dr. Dernburg, in fact, envisaged a future in which a large part of the world's shipping would sail under uniform control, while the output of a large number of raw materials within the borders of the separate States would be promoted, if necessary, by force, for the common good, and, while he deplored the prospect, he maintained that the trend of reconstruction everywhere was in the direction of state control; that the establishment, in fact, of a league of nations on the lines indicated was essential in existing circumstances."

"We understand today that the closest league of the Central Powers and the closest connections cannot possibly suffice to supply Germany and Austria with the raw materials, as well as foodstuffs and fodder that these countries require, unless they are willing to fall behind the standing of pre-war days and content themselves with the rôle of a third-rate power." *

The upshot of these quotations is this: they indicate that necessity is leading Germany and Austria to see the need for "international distribution committees endowed with arbitral powers." Among the Allies the need for co-operative action has been acknowledged and met. There are now, says a report from Washington, five inter-Allied councils in Europe, aiming at an ultimate unity of purpose. They are the War Council, Shipping Council, Munitions Council, Food Council, and Commission on Finance. It remains, therefore, only to achieve agreement at the peace conference on the commodities which require rationing among all the nations because of world shortage. If we can set up an honest, thoroughgoing, and scientific distribution *on a basis of demonstrated*

* From *New York Times*, July 18, 1918.

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*need ** of copper, rubber, potash, tin, iron, coal, and wheat—to name only the most obvious materials—there will then be some initial assurance that we are on the way to a rational utilization of the earth's resources.

It is encouraging to realize that the right sort of analysis of the several nations' needs is already in progress in respect to the food situation. There has been formed an International Scientific Commission to consider the food problems from the scientific point of view. "At the second meeting of the commission in Rome, the food requirements of each of the Allied countries were worked out on the basis of the 'average man' requirements and of population statistics; against this was set the home production, actual and potential, in order to estimate how much food would have to be imported. The

* This phrase is italicized because it carries with it the implication that a competent international control of distribution will prevent the accumulation and use of raw materials and of the goods manufactured from them, for purposes of selfish, economic warfare. Controlled distribution of raw stuffs undoubtedly entails an agreed division of world markets among the trading nations. Hence, "need" means the amount of materials needed on the basis of simultaneous agreement upon the genuine demand for finished goods of the several countries of the world, and upon the proportion of those goods that each country should furnish.

actual movements of food shipments necessary to give each Allied people what it needs, not only in total volume but in the particular necessities of which it is short, are under discussion at the present third meeting of the commission in London."*

It is this type of organization, studying to know in advance the real needs, the normal demand (as distinguished from a demand artificially stimulated by clever selling devices), which gives us a glimpse of what we have a right to expect in the rational control of trade. Of vital importance in any project to apportion raw materials, or finished goods either, is this work of knowing the demand. The world's industrial anarchy all works back to the simple proposition that in the markets of the world each nation is trying to sell all it can regardless of the total effective demand. The consequence is that at some times there is more of one material and one commodity on hand than can be disposed of to the advantage of the seller; this gives rise to a desire to force markets. Then later there is a scarcity and somebody is destined to suffer, at least temporarily, from the

* See *The Survey*, August 3, 1918, p. 516.

ill effects of maldistribution. National over-production brings national aggression; national underproduction brings a panic of uncertainty about sources of raw goods and fear of actual destitution. *The beginning of wisdom in the rational use of the world's economic resources is to know the demand of the several countries of the world.* And no way of knowing this demand or of making the knowledge universally influential is to be found short of world organizations entrusted with the work of knowing the supply of and the demand for the essential materials of industry.

Practically, therefore, the present situation as regards the shortage of raw materials and their just distribution over the world, indicates two lines of necessary procedure. Of these one is in the realm of immediate diplomatic tactics; the other is in the direction of fundamental re-organization.

Fear that she is to be permanently debarred from access to necessary supplies is widespread in Germany. Her people have been taught that only victory can bring an opportunity for free trade and free purchase over the entire world. They have been fed on the immoderate utter-

ances of the special interests in the Allied countries until they believe that Germany is now fighting to prevent economic strangulation. It is surely one of the early duties of Allied diplomacy to disabuse the minds of plain people in enemy countries on this point. A definite, unequivocal, explicit statement from the Allied governments that the members of the league will all share alike in the privileges of the league—privileges of trade and of a share in the distribution of raw goods—would do more than anything else to give substance to the idea of a vital and responsible league, and it would, moreover, clear away one of the major weapons with which the German militarists have kept their people committed to the conflict.*

When, in the second place, it comes to making this promise real, when the countries of the world really do agree to apportion raw material according to need, there is the task ahead of creating the organizations to handle this delicate and complicated job. How many such bodies are needed, whether there should be commis-

* President Wilson in his ringing declaration of September 27, 1918, confirms this position and ventures to hope "that the leaders of the Governments with which we are associated will speak, as they have occasion, as plainly as I have tried to speak."

sions to handle each commodity separately, with a central executive group—these are questions for which the world must early seek an answer.

(2) *The Export of Goods*

The problems that surround the sale of goods in the markets of the world have an international interest for selling agents and workers alike. The selling organization must be assured of protection to trademarks and patents, of favorable financial relations among the nations, of access to markets on equal terms with salesmen of all other countries. The workers demand assurance that goods are not being exported when they are needed at home, and that markets are not being forced in a way that puts an artificial pressure on them for "cheap labor." The workers are opposed to any invidious "trade warfare."

Yet all the indications point to the renewal and development of competitive selling on a larger scale than ever before. In England the British Export Corporation and the British Empire Producers' Organization are only two of the great agencies planning to push English

trade after the war. The desire of private manufacturing and selling interests is well reflected in the documents which the various departmental committees of the Board of Trade have issued in recent months, as well as in the Balfour Committee's report on "Commercial and Industrial Policy after the War." The former of these include recommendations on the textile, iron and steel, electrical and engineering trades, and the reports are unanimously in favor of trade preference among the Allies for a limited period after the war, with a boycott of German trade for at least a year. The Balfour report was made to the Reconstruction Ministry, and its demands are of the same tenor—in advocacy of a prohibition of importation "of goods of enemy origin . . . for at least twelve months after peace and for such further period as may seem expedient." It adds, "Preferential treatment should be accorded to the overseas dominions . . . and considerations should be given to other forms of Imperial preference."

Sir A. Stanley, the president of the Board of Trade, said in similar vein in an address on the dye industry in Manchester * "the Government

* Quoted in *The Board of Trade Journal*, June 20, 1918.

have decided that the importation of all foreign dyes, except under license, shall be prohibited for a period of at least ten years. The Licensing Committee will consist of representatives of the dye-makers, and the dye-using interests in equal numbers, with an independent chairman appointed by the Board of Trade."

Not the least obvious and frank in its avowal of their desire to promote their own interests is the report of the Committee to Consider the Position of the Shipping and Shipbuilding Industries after the War. Although a brief digest of this will be considered presently in discussing the shipping situation, it is worthy of note here that the members of this committee (there were, significantly enough, no labor representatives on it) desire a complete surrender of all German shipping when peace is declared! The wish is clearly to have an easy access to world markets for English merchants without the bother of an aggressive and successful competition based on the quality of service. And the report ends with a naïve statement of hope that the Government will consider its proposals favorably in order that the shipping industry may know exactly where it stands.

It should, of course, be understood that none of these reports are statements of official policy—the pronouncement about the dye industry excepted. They are the recommendations to the Government of groups composed largely of persons selfishly interested in the success of the industries in question. They are of interest for us, therefore, only because they show the temper of the traders, and indicate that there is a considerable body of opinion which does not take President Wilson's demand for a removal of all economic barriers with great seriousness.

This desire for trade preference and aggression is not, of course, confined to any one country. A rapid summary of the preparations which all the European countries are making is furnished by an authoritative compilation published by the New York *Evening Post*.* The material there presented furnishes instructive evidence of the kind of economic out-reaching which the peoples can expect unless some affirmative control is exercised on a world scale,—unless some effective way is found to give sub-

* Procurable as a reprint in pamphlet form from the New York *Evening Post*. Articles appeared on successive Saturdays from May 25, 1918, to June 22, 1918.

stance to the President's demand for "the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance."

When we turn to Germany, the scattering evidence points to the same sort of sentiment for trade aggression. The Imperial Ministry of Economics has established The Export Trades Company Ltd., "the purpose of which will be to revive the export business in enemy countries." And an Imperial Commission for the Transition is, according to the London *Post*, "engaged in collecting statistics about supplies of raw material and in making estimates of the requirements in these by German industries." We read of the creation of a technical society, the German League of Engineering and Economic Associations, with a membership of 60,000, dedicated to a German victory in the "war after the war." "The foreign trade organizations themselves are to unite in a kind of cartel, the Central Foreign Trade Institute. The three great German banking systems . . . have, during the war, been quietly forming a syndicate which today . . . dominates the money market of the country." "Swiss firms

have been purchased by the score by German corporations wishing to export through them. An attempt is being made to capture the metallurgical trade of Switzerland through an organization bearing a nondescript name, but presided over by G. Walter Rathenau, president of the great Berlin electrical works, which as early as 1915 had laid aside, largely out of war profits, over \$25,000,000 for peace projects." "There has recently been organized at Hamburg a powerful syndicate for the reconquest of the world's markets—the Corporation for the Promotion of German Foreign Trade, capitalized at \$5,000,000." *

In our own country there has been no less activity. The passage of the Webb Export Trade Bill has legalized exporters' associations in which the manufacturers of any article can unite in foreign sales campaigns, and a number of organizations have already been formed under its provisions. "International" corporations created to sell goods and credit and to export capital are commanding some of the ablest brains in the country. The National Foreign

* Quotations from one of a series of articles in New York *Evening Post*, June 8, 1918.

Trade Council had an impressive and enthusiastic convention in April, 1918, and no national trade association meets this year without discussing at length its plans for "after the war."

Of itself this further trade expansion is no cause for regret or anxiety. The more intensive becomes the world's economic interdependence, the more reluctantly will any nation draw out from it and into the unendurable isolation which war inevitably imposes. Nevertheless, aggressive efforts for markets will give rise to delicate situations and strained relations, even if all the doors of the world's ports are flung wide open. Opportunity for conference between representatives of the trading nations is essential if the world is to hold even remotely to labor's demand for the development of each nation's resources "for the benefit not only of its own people, but also of the world."

The necessity for a measure of social control is the more clearly understood when we see the extent to which already corporations on an international scale are in control of trade. "In one way or another," says Mr. Leonard S. Woolf, "the world's trade in rails, tubes, nails, screws, sewing thread, bleaching powder, borax nitrates,

and tobacco is to a greater or less degree brought under international control, while at least till lately dynamite was so controlled, and repeated efforts have been made similarly to syndicate the whole steel industry."

"The International Agreements signed by American, British, and German capitalists, shipowners, and shipbuilders on the formation of the International Mercantile Marine Company should also be mentioned." *

And in its report to the President on the situation in the packing industry, the Federal Trade Commission says that in addition to their immense properties in the United States, the five packing companies, either separately or jointly, own or control more than half of the export meat production of the Argentine, Brazil, and Uruguay, and have investments in other surplus meat producing countries, including Australia. . . . "Under present shipping conditions the big American packers control more than half of the meat upon which the Allies are dependent."

Faced with the problems of reasonable free-

* See *International Government*, by Leonard S. Woolf and The Fabian Society, New York, 1916.

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dom for all legitimate merchants in export trade, subject to restraints against "dumping," with discrimination in certain markets in favor of selling agents who will extend indefinite credit, and with the problem of regulating the activities of corporations which are already international in their dealings, the people in a league of nations most certainly require powerful means of world-wide corporate regulation.

Whether a world body analogous to our Federal Trade Commission, but with additional powers of administering trade relations, would be able to provide adequate regulative check on international corporations cannot be positively affirmed in advance. But an agency with power to investigate and report to an administrative body authorized to hold such huge economic units in check, is certainly an immediately desirable provision. And it may well be that exactly as Federal incorporation is recommended in this country to correct certain evils in present corporate methods of doing business, a form of international incorporation can be devised which will give the peoples of the world effective leverage in control of the profits and business methods of these world agencies.

It is interesting to realize, however, that the development of governmental purchase will tend to reduce the extent of private export. If after the war our present methods of direct government purchase of rails, locomotives, zinc, cotton, sugar, beef and the like, continue and increase in the volume of business done, the emphasis shifts from selling to buying,—from the control of selling to the control of buying. It is likely, however, that both of these will develop side by side. There is little likelihood that South American countries will as nations buy cotton goods, sewing machines, and kitchen ware to resell to their people.* But in the dealings of the larger Powers with each other, the extension of purchase as a national governmental function is likely to be rapid. Already the government of Great Britain has bought the wool clip of Australia, the cotton crop of Egypt, and the zinc output of Australia for the next ten years. In America before the government can continue to buy and sell goods (except as a special war power) I

* The day after this sentence was written the press carried a story that the Cuban Government is contemplating the purchase of shoes for its citizens, to do away with the profiteering of private shoe dealers.

am told that the Constitution will probably have to be amended.

The intrusion of the tariff issue after the war can go a long way toward setting at naught all the demands for free trade and removal of economic barriers. In England the Imperial Preference program has its powerful supporters and the next general election may be run on the protection issue. Mr. Hughes, the Prime Minister of Australia, during his stay in London has been especially influential in bringing the protectionist demand to the fore, and getting active governmental support for the Preference plan. "None the less," as *The Nation** truly says, the advocacy of protection "is an act of essential and grave disloyalty to the Alliance and a betrayal of the British peoples."

There stand also the demands of the Paris Economic Conference of 1916, which cannot, of course, be reconciled with the fundamental demand for equality of trade conditions among all the nations. At that conference the Allies pledged themselves "to conserve for the Allied countries before all others their natural resources," to fix "a period of time during which

* See *The Nation* (English), July 27, 1918.

the commerce of the enemy powers shall be submitted to special treatment"; and to increase production within their territories sufficiently "to enable them to maintain and develop their economic position and independence in relation to enemy countries." Unfortunately, there has never yet been any official repudiation of the resolutions of this conference, although such repudiation is undoubtedly implicit in the wide acceptance of President Wilson's war aims.

Mr. Arthur Henderson's characterization of the resolutions of the Paris Conference most certainly stands as the judgment unanimously held by those interested in the people's peace. He says, "It is clear that the Paris resolutions, so far as they are intended to form the basis of a policy of organized systematic and commercial and economic boycotting which aims at the destruction of German commerce, must be strenuously opposed. They would provide a new standing menace to a healthy internationalism and to the future peace of the world."*

Although in this country we have never set our house completely in order on the tariff ques-

* Quoted in the *New York Evening Post*, January 8, 1918, from the *London National Weekly*.

tion, we have taken an important step in having a Tariff Commission to investigate prices and costs here and abroad of commodities in which this country is specially interested. Why not carry this idea over into the international field and create a World Tariff Commission to study differences in costs between countries, and the effects of existing preferential tariffs? Pending the results of this study President Wilson's demand for no barriers to the free trading between nations, except those mutually agreed upon, should be rigorously adhered to.*

(3) *The Sale of Credit and (4) The Export of Capital*

It is when we come to consider the sale of credit and the export of capital that we see the major occasion for a conflict of interests—

* Compare the conclusion of W. S. Culbertson of the United States Tariff Commission, in the *Quarterly Journal of Economics*, August, 1918: "An international tariff commission, if it were merely a clearing house of information, would justify its existence. It might in addition be given power to investigate discriminations or it might be assigned the duty of carrying out a plan agreed upon at an international conference." "The crucial question before an economic conference considering tariff discriminations will be: Shall unconditional most-favored-nation treatment be accepted as the principle to guide nations in their dealings, one with the other?" (p. 565).

whether among the capitalists of the several nations or among the nations themselves it is hard to say. The adjustment of spheres of influence and investment areas carries with it to-day either a parade of force or a commencement of hostilities. Yet far from contemplating any withdrawal from these areas after the war the financiers who play the game on a world scale are planning greater enterprises than ever. Their source of greatest profit in export trade is not the sale of goods, but the sale of credit—or rather the sale of goods on terms that require the purchase of credit to finance the purchase of goods. And it is this organized source of profit derived from a close interrelation of the sale of goods and credit which will be abandoned with greatest reluctance and with fiercest opposition.

It has been peculiarly the German method to create banking facilities in trading areas like South America, and then to make it possible for her merchants to sell their goods on credits indefinitely extended. It then, of course, becomes impossible for other traders who cannot afford to run accounts longer than ninety days, to compete. This is just one more method of indirect subsidy to nationally encouraged in-

dustries, a method as amenable to control as any of the rest—tariffs, special freight rates* on goods for export, or shipping subsidies. For it becomes daily clearer that there must be some form of world regulation to bring to a minimum all the methods of economic warfare which depend on anything but inherent superiorities in each nation's goods.

There are inexorable forces in England and America which require the export of surplus capital to develop every sort of industry in communities economically less mature and productive. In the absence of control over its export, owners of American capital are almost sure to find greater profit in industry abroad than at home. Every increase in income taxes, the retention of the excess profits' tax, every wage increase,—these will all tend to lessen profit at home in comparison with that obtainable in coun-

* Prof. Robert L. Hale of Columbia University in an article, destined for early periodical publication, on "Industrial Discrimination and Internationalism" says, "Suppose that the United States government after the war either owns or regulates many merchant ships. In fixing their rates it must discriminate. It can so discriminate as to favor the growth of certain industries in one foreign country or in another, or in the United States as against all foreign countries, or the reverse. This power should at least be reviewable by some international legislative body."

tries exercising little regulation. The extended flow of capital abroad will tend to keep the rate of interest up at home—which will add to the overhead burden on the workers. Yet if the opposite course is pursued the same result will ensue. Without domestic regulation capital will make big returns; it will not squander the entire surplus in luxuries; it will turn to foreign countries for further chances of investment. Whatever we do at home the export of capital promises to continue on a greater and greater scale.

There is only one way to secure protection for the public interests in this situation. We should control the export of capital and control the terms of its use in other countries. That both of these things can be done, is one of the things we have learned from the war. Our War Finance Corporation, if it is continued, will have considerable influence in determining the direction of the flow of capital; and American control of the German investments in this country has already demonstrated to a drastic extent one possible method of regulating the use of "alien" capital in a foreign country. To undertake these two jobs on a super-national scale will be a colossal enterprise—but *it is the enterprise*

above all others which will promote international harmony.

Already a modest beginning has been made in the direction of modified control over the investment in China of American, British, French, and Japanese capital. American capitalists, according to the press, would not participate in the loan unless they were sure that our Government would protect it and even help in its redemption. The terms under which the American Government has finally given the bankers sufficiently satisfactory assurances for them to proceed, mark a new policy in lending methods. Especially should the fourth of the following items be noted as revealing an entering wedge for proper public control over private banking ventures in foreign lands. It is understood that these terms will be:

“First, the formation of a group of American bankers to make a loan or loans and to consist of representatives from different parts of the country.

“Second, an assurance on the part of the bankers that they will coöperate with the Government and follow the policies outlined by the Department of State.

“Third, submission of the names of the banks who

will compose the group for the approval by the Department of State.

"Fourth, submission of the terms and conditions of any loan or loans for approval by the Department of State.

"Fifth, assurances that if the terms and conditions of the loan are accepted by this Government and by the Government to which the loan is made, in order to encourage and facilitate the free intercourse between American citizens and foreign States which is mutually advantageous, the Government will be willing to aid in every way possible and to make prompt and vigorous representations and to take every possible step to insure the execution of equitable contracts made in good faith by citizens in foreign lands.

"It is hoped that the American group will be associated with bankers of Great Britain, Japan, and France. Negotiations are now in progress between the Government of the United States and those governments which, it is hoped, will result in their co-operation and in the participation by the bankers of those countries in equal parts in any loan which may be made." *

This is unquestionably an advance over the familiar idea that the collection of private debts in foreign countries becomes a matter of "national honor" for the country of the cred-

* *New York Evening Post*, July 29, 1918.

itor. But it is not yet the type of acknowledged international supervision of investment in backward countries which we must have to ensure good-will among the investing and, no less important, among the borrowing nations.

What is ultimately desirable as a part of the administrative machinery of the world league is a commission, representing public and working-class interests preponderantly over capital-owning interests, to supervise international investment—and especially the terms on which capital is employed by the lending nations in the "backward" areas.

A further example in the fiscal field of the way in which a common need points the way to a common organization is afforded in the gold exchange and credit stabilizing situation which becomes greatly complicated as the volume of trade increases in every direction. Speaking in April, 1918, at Cincinnati, Mr. C. E. McQuire of the International High Commission said that commercial relations could be effectively promoted by the conclusion of administrative agreements in regulation of financial transactions. "The Central Executive Council [of the Commission] undertook to furnish a basis

for a treaty providing for an international gold clearance fund. . . . Thereby any gold transactions may be expeditiously and inexpensively settled without the actual transportation of gold. This draft treaty is under consideration in a number of countries and in one has reached the preliminary stages of negotiation."

Mr. David Lubin has gone even further in proposing an International Reserve Board. Such a board, he declares,

"could, first of all, act as an international clearing house; it could regulate the ebb and flow of gold; it could supervise the factors that go to determine the rates of interest and exchange rates; it could perform along international lines essential functions now performed on national lines by the Federal Reserve Board, and it could render such other services toward the end in view as might be assigned to it.

"More than that, the exigencies of the new conditions may warrant the issuance of international gold notes; said notes to be issued under the auspices of the proposed International Reserve Board, and to be guaranteed by the joint security of the Allied countries. They should be legal tender at their face value for all gold payments in the Allied countries."

One further international financial agency which has been advocated for post-war uses

deserves mention because some such device may be necessary to prevent the burdens of taxation from becoming appallingly excessive in all the warring countries. Mr. E. A. Stillwell, in a little book entitled *The Great Plan*, suggests the following way of relieving the world of its war debts:

"Let all the war-costs of the different nations, not only their debts but their tax-expenditure, be presented to a Committee of the International Congress. Let us assume that the total of these sums is 25,000 million pounds—it must be much more. The International Congress shall authorize an issue of 100 year Sinking Fund World Bonds for that amount, the bonds to bear 1 per cent interest. Each nation receiving bond certificates corresponding in value to its total war-costs will be able to pay or to receive any advances it may have made or given during the war. The first effect will be that all the debts as between nations will be cleared off. These world-bonds, based upon international credit, are to be redeemed by a Sinking Fund, to which every State shall make an annual contribution, consisting of the saving that accrues to it from its reduction in expenditure in armaments as compared with the average of its pre-war expenditure. 'The total annual saving,' Mr. Stillwell thinks, 'will be from 1,200 million to 1,700 million dollars, which will pay off the bonds in

less than one hundred years.' Each nation receiving at the outset a sum in World Bonds, enabling it to redeem at once its entire war debt, with a margin over, representing its tax-expenditure, should take power to redeem its bonds before they are due. 'If the English Government did not wish to compel the holders of War Loan stock to accept this Bond Currency (the best currency in the world) for their stock, it could at all events at once redeem all the Government stock held by those willing to sell, and the remaining sum of Bond Currency could in the meantime be loaned to railroads, manufacturers, and industrial enterprises.' *

Without entering further into the intricacies of the world's financial interrelations after the war, I have surely indicated that ties of necessity inevitably bind the nations together in these matters, and call for the creation of world bodies endowed with unprecedented powers. The Allies are debtors to each other in public and private obligations which run into the billions. The mutual responsibilities and common interests which this indebtedness creates are already factors in demonstrating the urgency of some international control over the movements of capital. In the case of France's interest in

* Quoted from *The Nation* (English), July 13, 1918.

Russian affairs because of the large sums invested by the French in Russian bonds, we see a good example of this interrelation; and the dangers to which it has given rise point conclusively to the need for representative control in the export of capital whether directly for industry or for loans. The value and practical necessity of such control is already widely admitted in connection with foreign investments in the undeveloped regions. But the reasons for the exercise of public oversight over the whole international fiscal system are no less cogent. After the war the fiscal problems of the world will in the public interest demand handling democratically and "in the grand manner."

(5) *Shipping*

War necessity induced by a shortage of facilities for freight and transport caused an early pooling of shipping resources among the Allies. We have now the advisory Allied Maritime and Transport Council, and the Inter-Allied Shipping Committee in control of the distribution of tonnage among the Entente and neutral nations. And there is a clear recognition in all

the warring countries, including Germany, that there will be an actual shortage of bottoms after the war when the demand for export trade shipping will be complicated by the task of returning our troops and of supplying destitute peoples with the immediate necessities of life.

The following excerpt from an article by Prof. Gilbert Murray shows how alive England is to this difficulty, and indicates how the logic of the situation is leading to but one conclusion.

"The production of the Central Empires is now only about half what they normally use, that of France is less than half, that of Italy, Rumania, Serbia, and especially Russia vastly and disastrously reduced. All the neutral nations are suffering from partial starvation. We ourselves, though better off than the rest of Europe, are moving steadily along the same road, and as the war prolongs itself we shall move further. And when peace comes there will—it is almost a certainty—be not enough food in the world to keep mankind alive unless it is carefully husbanded and distributed both between the nations and in the nations. There will not be enough food *and there will not be enough shipping*. And if there is to be peace of any sort, *the nations will have to make some arrangement for using the existing shipping for supplying the various nations according to their needs*. We must, to some extent, pool our ships and pool our

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food supplies. And those who do not join the pool will starve.

"This sounds fantastic, but I believe there is no practicable alternative. You cannot allow the food to be bought by free private enterprise; else the rich would get food and the poor starve. You cannot leave it to competition between the governments; else the rich governments would buy it all and the small nations starve. You cannot keep the whole supply for the Allies, leaving all Central Europe to starve, because if you did, the war would not end, but continue. Besides, you will need the help of German shipping. You cannot have America and the British Empire keeping all the food themselves, because if they did the whole world would rise against them." *

German recognition that a serious shortage of bottoms will enforce some sort of pooling and international allocation of ships is implicit in the following quotation from the semi-official *Norddeutsche Allgemeine Zeitung*, which is reporting a conference at the Imperial Economics Office:

"In regard to organization methods for overseas shipping Dr. Ahlers made a report. The speaker said that of German tonnage more than half was to be considered as lost and that a third of the remainder lay in neutral countries abroad. Here further losses

* See *Christian Science Monitor*, May 8, 1918. (Italics mine.)

were not impossible. To be taken into consideration also was a number of merchant ships now in the service of the navy. Conservatively, only the tonnage now inland could be counted on; that is, an amount of shipping space that would not go very far toward meeting the coming demand for goods, especially when it is recalled that the merchant shipping of the world had been greatly reduced. How commerce in the transition period would be carried on cannot at the present time be accurately estimated. In any case, it must be reckoned that there is not enough shipping space for the required imports, so that a cutting down of the amount of the imports is unavoidable." *

If, then, the nations decide to retain and extend the pooling of shipping resources to include the available tonnage of the world—at least for a transitional period—there will exist a body whose power over economic destinies will be enormous. In conjunction with the commodities and export trade commissions it will be deciding where raw materials shall go, where goods shall be exported. There will inevitably arise the necessity for a coördinating body among these commissions, an international economic council; and when this is created because a real demand for coördinated action is seen, there will be

* Translated in the *New York Times*, June 17, 1918.

another clearly functional body which will in practical effect be an International Industrial Parliament.

With these necessities of the situation clearly in view, with the almost unanimous recognition of a shortage of ships and need for pooling, it is unfortunate—to put it mildly—that British shipowners in the report of a departmental committee to the Board of Trade should take the stand they do. The following from the *New York Times* of June 21, 1918, is an accurate digest of the report as it appeared in the *Board of Trade Journal* for June 20, 1918. It reads:

“ We consider no peace would be satisfactory which did not enforce the surrender of enemy shipping and inflict drastic and exemplary punishment for the enemy's crimes at sea. Enemy countries should be required, as a condition of peace, to surrender to the Allies all their merchant shipping, whether in enemy ports at the close of hostilities or in ports of countries still neutral, to forfeit all ships laid up since the outbreak of hostilities in ports of countries that have become involved in the war or have broken off diplomatic relations with them, and to restore to the Allies all Allied shipping that may have come into their possession since the outbreak of hostilities.

“ When demobilization is completed all enemy ves-

sels not already sold should be sold by auction in the various countries, the proceeds of the sale to be part of the common war indemnity paid by the enemy countries.

"Neutrals and enemies should not be admitted to the purchase, and the necessary conditions should be attached to the sales to prevent retransfer of vessels to enemy interests or interests controlled by the enemy."

Nothing, of course, is more calculated to keep alive the sort of distrust and fear which makes the world league impossible and war inevitable than this sort of recommendation. To be sure, it is only the report of an advisory body—a body, it should be emphasized, on which there were no working-class representatives. It reflects no actual policy. It commits nobody to anything. But, for immediate enemy purposes, it has all the effect of actual executive decisions, and gives ammunition to the German publicists who are now proclaiming this a defensive war, a struggle to prevent complete economic strangulation. The affirmation of a contrary policy—a policy in harmony with the above suggestions of Professor Murray—is therefore sorely needed.

If we are actually to stop war, there must come a distribution of shipping on a basis of

human needs; if it takes place on any other basis, especially during the transition era, the distribution will inevitably be discriminatory and will thus constitute hostile action and be a prolongation of war in the economic field.

Surely, the strategy of the present situation in addition to the inevitable necessities of the post-war period, point to the need of an immediate declaration of Allied economic policy. The economic guarantees of peace lie in the direction of a liberal world control of the essential problems which occasion ill-will, distrust, and war. Questions concerning raw materials, export, foreign investment, shipping—these all require expert considerations on a world scale. Without it, the muddle and strenuous anarchy of the nineteenth century are destined to return. But it is not alone a question of effective machinery for this world organization. It is a question of publicity—of assuring the plain people in the Central Empires that the intentions of the Allies are not selfish and sinister. And there is no way to dramatize these assurances so forcibly and convincingly as an immediate and very explicit declaration regarding the work which we conceive as necessary for a world

league to undertake and regarding the motive and purpose which we see as the only possible one to underlie its operation.

This chapter has been dealing in almost cursory fashion with problems of tremendous intricacy. I minimize neither the size nor the difficulties of the questions at issue. But I am confident that a degree of simplification and segregation of problems that are really not simple and not unrelated, is the first step toward their comprehension. The world can move ahead no faster than people can get their minds around the world's difficulties; and we can get our minds around them most rapidly if we can see them first in broad outline. Meanwhile it is essential to remember that these are issues whose complexity is amazing, whose interrelation is baffling and whose magnitude is overwhelming. I would leave no one with a sense of ease about these matters; but I do believe an incipient sense of direction can be achieved by an acceptance of principles which are in harmony with all the available evidence.

It is this very fact of unwieldy magnitude that supplies one excellent reason for this pluralistic

approach to the subject of world organization. We have had wide assent to the idea of a league with one legislature, one court, and so on. I am unable to picture to myself delegates to these overburdened agencies, who will have the omniscience necessary for effective action. I am advocating functional organization; which means the consideration of problems singly, on their merits, in relation to vital needs, by people selected for competence to make decisions because they have immediate knowledge and interest in the field in question. This delegation of special tasks to functional agencies will result in a great reduction of the amount of work for any international legislature. This is as it should be. This legislature would presumably be a political and diplomatic body; and to it should be given decisions in the political field—in relation to territorial disputes of non-economic origin, to problems of public health, and any other non-economic difficulties. And there would, as I have already suggested, exist a correlative parallel body in the industrial field, an economic chamber, to be the court of last appeal as among the several commissions I have suggested.

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In short, the less wieldy absolutes—the League of Nations, the World Parliament—assume under a realistic synthesis a more practical form and content. They frighten us less with their vague enormity. The world becomes broken up into the many aspects it really has. As we view the growth of concrete and going international bodies during the war, we realize that world forces are capable of manipulation and control. We begin to see that labor's insistence upon guarantees of permanent peace may be less utopian than they appear.

CHAPTER IV

INTERNATIONAL LABOR LEGISLATION

"The creation and progressive expansion of the world-markets urgently demands the internationalization of the laws regarding labor in order that the competition of those countries where there are no restrictions shall not ruin those where it is protected."

—ACHILLE LORIA, in *The Economic Causes of War.*

In considering labor legislation from the international point of view, the labor leaders of the Allied countries are on more solid and familiar ground than when dealing with more subtle problems of marketing, credit, and foreign investment. They have long appreciated the necessity for making the labor laws of all the countries in the world as nearly uniform as possible. As early as 1905 the International Association for Labor Legislation was organized, and in the activities of this body trade-union representatives have from the first been prominent. Before the war their organization had met with signal success in leveling up legislative standards, especially in relation to occupational disease hazards and

social insurance.* Consequently when Europe was plunged into a conflict the causes of which seemed clear to the labor leaders, it was inevitable they should include in their program of economic reorganization the demand for approximately uniform labor legislation in the countries which were to be a party to the peace treaty.

The International Trade Union Conference met at Berne in October, 1917. And although delegates from England, Belgium, and America did not join it, and the French delegates were not given passports, this body agreed upon a program which has significance, because the completely representative Inter-Allied Labor Conference which met later in London virtually endorsed the original demands. A proper understanding, therefore, of labor's intentions in the

* Highly significant of the influences which have thus been set at work (not to be separated, of course, from Bismarck's efforts) is the following paragraph from Prince Maximilian's speech to the Reichstag on October 5, 1918:

"At the peace negotiations the German Government will use its efforts to the end that the treaties shall contain provisions concerning the protection of labor and insurance of laborers, which provisions shall oblige the treaty making states to institute in their respective lands within a prescribed time a minimum of similar, or at least equally, efficient institutions for the security of life and health,—as for the care of laborers in the case of illness, accident, or invalidism."

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field of legislation involves a knowledge of the proposals made at the Berne gathering.* The program there endorsed includes these planks:

1. Freedom of Travel. "The enactment of prohibition of emigration shall not be permissible. The enactment of general prohibitions of immigration shall not be permissible." But the right and duty of States to prohibit immigration is recognized under three conditions: (1) "in times of economic depression in order to protect native labor. . ." (2) "in order to protect national health," and (3) "in order to protect its national culture and in the interest of efficient enforcement" of labor standards. And the signatory States are asked to obligate themselves to compile and publish labor-market statistics "in order to prevent migration of labor to countries in which the chances for employment are small."

2. Right of Coalition. Complete and unqualified right of all workers under all conditions to organize in every country is demanded.

3. Social Insurance. States which are party to the peace treaty are asked to obligate them-

* See full text in *Monthly Review*, U. S. Bureau of Labor Statistics, March, 1918, pp. 172-9.

selves to institute social insurance at the earliest possible date.

4. Hours of Labor. A maximum of 10 hours of work a day and of 8 hours in certain industries is demanded with defined restrictions on Sunday and night work.

5. Hygiene. The several States are asked to work more rapidly, along lines already agreed upon, to eliminate industrial poisons.

6. Home Work. The several States are asked to allow home work only under carefully prescribed limitations.

7. Protection of Child and Woman Labor. The adoption of uniform restrictions upon the working hours and conditions of employment of children and women is demanded.

8. Enforcement of Labor Legislation. Provisions are urged which shall assure effective enforcement of existing legislation.

9. "The International Association for Labor Legislation shall explicitly be recognized in the peace treaty as the medium for the promotion and enforcement of international protective labor legislation." "The costs and maintenance of this office are to be borne by the signatory States."

As illustrating a principle of sound international organization which has been set forth in an earlier chapter, this last provision is of special note. For it recognizes the necessity of proposing, demonstrating, and enforcing labor legislation on an extensive scale. And with recognition of the necessity comes the demand for an internationally constituted body to perform this essential function.

Following close upon the heels of this detailed declaration from Berne came the statement in the Inter-Allied Labor War Aims of "the need for an international agreement for the enforcement in all countries of the legislation on factory conditions, the maximum 8-hour day, the prevention of 'sweating' and unhealthy trades, necessary to protect the workers against exploitation and oppression, and the prohibition of night work by women and children."

Moreover, the American Federation of Labor, desirous of having some share in the statement of those international labor standards which peace may bring, has asked for the incorporation in the peace treaty of the following articles:

"1. No article or commodity shall be shipped or delivered in international commerce in the production

of which children under the age of 16 have been employed or permitted to work.

"2. It shall be declared that the basic workday in industry and commerce shall not exceed eight hours.

"3. Involuntary servitude shall not exist except as a punishment for crime whereof the party shall have been duly convicted.

"4. Establishment of trial by jury."

And a fragmentary press notice from Berlin indicates that Herr Erzberger, the Centrist leader of the Reichstag, has been "planning a great propaganda in favor of international and economic peace," in which one of the main items is that Germany, England, and America should "have identical labor legislation."

On several of the most important standards the above declarations do not agree. But this very disagreement is the best indication of the vitality and spontaneity of the demand for steps in the direction of uniform labor standards from working-class groups the world over. Anyone who reads the entire Labor War Aims statement, and appreciates the number of exceedingly difficult problems upon which complete harmony was reached by working-class representatives from the Allied countries, will not

doubt their ability to agree and stand unitedly in support of a program of labor legislation for simultaneous adoption by those countries. But in demanding uniform legislation the workers are fully alive to the difficulties and obstacles in their way. As the 1917 annual report of the American Federation of Labor points out, many of these matters are at present, as far as the United States is concerned, "under the jurisdiction of the several States and not of the Federal Government. For this reason alone, it would be inexpedient, so far as our country is concerned, to have these subjects included in the terms of an international peace treaty." That it would be inexpedient, I am not myself prepared to say. The nationalizing of certain of our labor standards like the eight-hour day is long overdue. And under the stimulus of united action by a number of countries, this and other desirable standards could be adopted. But it is not a simple task, and labor leaders appreciate this as well as anyone. The rub comes in the setting up of high protective standards in the economically less advanced countries. But it is in just those countries where the enforcement of standards approximating those in the de-

veloped countries will be of most value in reducing international friction.

If we suppose for the moment that fifty per cent. of the demands of the Berne Conference were internationally agreed upon, think of the effect that this would have upon industrial conditions in India, China, and South Africa. One of the things that makes the so-called "backward" portions of the globe at present so attractive to the speculative investor is the complete absence of restrictive labor legislation. The capitalists of all the Western countries have been engaged in an eager search for areas where labor is cheap, plenty, and impotent. The setting up of new labor standards in these regions is calculated automatically to discourage the speculator and to give advantage to those whose interests in industrial developments are based on a more sound and humane industrial policy.

At present when there is competition between different countries, especially between the Occident and the Orient, in the manufacture of any commodity, the competition is at the expense of the workers in the more advanced countries. Their living standards tend to be kept down as closely as possible to those of workers in the

less advanced regions. Although in the cotton industry, for example, there is probably as yet little direct rivalry between East and West in the production of any but a few grades of goods, the fact of potential competition is used as a club to keep labor standards low on both sides of the world. Unfair competition has come to be looked upon with some disfavor in the business world; but we have yet to include in that conception the idea that competition based on the minimizing of labor standards on a great international scale is humanly quite unscrupulous. This is, of course, no denial of the plain truth that there are naturally differences in the costs of production between countries. But where economic barriers are removed and a more general open-door policy prevails, each country's special industrial advantages become clear and the whole world is a gainer by them.

As a factor in discouraging speculators and removing the burden of competition from the workers, a third gain is involved in the universalizing of labor standards. It will tend to bring about greater equality in manufacturing costs from one country to another in those industries where there is genuine competition.

This will do one of two things; either it will discourage production in the place where the cost is found to be greater (which, other things being equal, means cheaper prices for all) or it will lead to further refinements in manufacturing methods in both countries—which, again, means lower costs.

Of these tangible values to be derived from the extension of proper labor standards the organized workers are, as we have seen, already appreciative. In demands for equalized labor legislation they are on familiar ground; they will keep close before them the ends they have in view and work for them with singleness of purpose. Even if their daring hope that some of these standards can be established as a definite part of the peace treaty is not realized, they can make their position exceedingly effective and influential to this end in other ways. The plan for an international labor conference to be held simultaneously with a peace conference is one upon which there now seems to be a wide agreement in the labor movement the world over. If this conference agrees upon a platform along lines similar to that adopted at Berne, the workers can secure important re-

sults, especially in the countries where the end of the war finds the influence of the labor parties greatly strengthened.

If there is agreement among the working-class parties upon the legislation they will simultaneously support, they can drive by the use of political and economic weapons for one plank after another in their own countries. And the rapidity of this extension is only a question of how strongly organized these groups are from one country to another. For by adopting a policy of boycotting goods from "unfair countries" the workers can exert an influence on policies in neighboring nations which has only begun to be understood.

What is also likely to happen as an ultimate issue of the peace is the creation of a body to consider and recommend officially to the nations of the world labor laws which will have universal operation as soon as they are referred back and assented to by the parliaments of the nations. An internationalizing of labor standards will thus be gradually achieved at the instigation of working-class agencies on the one hand and at the instance of an international industrial legislature on the other.

Such organizations, however, will have difficulty in establishing standards that will minimize exploitation in the undeveloped countries. Yet all liberals are clear that unless this situation is met the seeds of conflict are still present. If the proposal of international commissions to exercise a general protectorate over countries that are lacking in national unity is adopted, labor could work through these commissions in securing recognition and enforcement of the desired standards. But whatever plan is followed for controlling in their own interest places like Persia, China, and East Africa, it will be an indispensable condition of their sound economic development that labor standards be enforced which compare favorably with those in western European nations.

Upon one important question alone is it extremely doubtful whether the workers of the several countries can come to immediate and detailed agreement. Despite what is said in the Berne agreement about immigration, we have to face the fact that organized labor in America, for example, is today more opposed to the open door for immigrants than ever before. What policy the eastern European countries and

Japan will pursue regarding emigration after the war, we do not know. We only know that the threat of a lowered living scale, which immigration of "cheap labor" always means, will turn friends into enemies. Whether, beyond attempting to equalize labor standards, the working-class parties of the affected countries can by taking counsel together agree upon a basis for the movement of people in large numbers, remains to be seen. But some international channel of conference and adjustment upon this delicate matter is necessary. The surest guarantee of peaceful adjustment that can be provided is a body devoted to a study of the comparative living standards, of demands for labor, and of birth-rate fluctuations in the major countries of the world.

But even upon this troublesome question recent events have their hopeful suggestion that the recognition of a problem can help to bring its solution. The agreement under which Mexican workers are imported temporarily into the southwestern states of the United States indicates the kind of understanding that can be reached when all the parties interested in a transaction are taken into camp. Under the

terms of this arrangement made between the two governments, and assented to by the organized workers, a limited number of Mexicans enter our country to work under wages and conditions which do not menace American standards and which insure the return of the Mexicans to their own land when the American labor shortage has disappeared. I am not saying that this arrangement is a wise one in all details, nor do I know anything of the success of its practical operation. I am merely pointing to the fact that the importation of Mexican labor, which would ordinarily give rise to considerable ill-will among the organized workers of this country, has been accomplished without a murmur under conditions which promise to eliminate the worst of the exploitation that would have otherwise obtained.

The whole process of communication and standardization of labor demands among the labor groups of the nations will of itself crystallize and hasten the movement for equal legislation. And this fraternizing promises to go on apace after the war. In August, 1918, there was held in London, as the result of a vote of the last Trade Union Congress, a conference

of delegates, representing over two and a half million workers, to "discuss the establishment of closer relations between the trade-union movements of Great Britain, the Overseas Dominions, the United States, and the Allies." It was there voted to establish a department of the able and influential Parliamentary Committee of the Trade Union Congress devoted to the following objects:

"1. To establish an international statistical and information bureau for the purpose of collecting and filing general information for the use of unions affiliated to the British Union Trades Congress;

"2. To develop a close relationship between the British trade union movement and the unions of the allied and neutral countries, the dominions and the U. S. A.

"3. To convene as early as possible a representative international conference of allied, neutral, Dominion, and American representatives for the purpose of formulating a trade union international policy during and after the war; and

"4. To consider and report on the practicability of appointing labor ambassadors in the respective countries to act as agents and correspondents for international trade unionism, and to be responsible for supplying international centers with up-to-date

information respecting trade union activity, and all matters of general interest to trade unions." *

President Gompers of the American Federation of Labor has projected another interesting international experiment in calling an American-Mexican labor conference for November, 1918, to consider the various problems which affect the workers of the two countries equally. The gathering may come to nothing so far as immediate practical issues are concerned; but its moral value cannot but be tremendous. It will help to build up the kind of international morale which is indispensable to joint action and especially to joint adoption of important standards of labor legislation.

These activities in their totality show a gratifying vitality in people's thinking about international action in the realm of labor law. The idea is already making headway that equal working standards will effect a leveling up of conditions and remove the worst exploitative features of international competition by making it impossible to reduce labor costs below a decent minimum. With humane working

* *Christian Science Monitor*, August 13, 1918.

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standards universally operative and an intelligent international control of population movements, one of the far-reaching economic causes of irritation and suspicion between peoples can be all but entirely eliminated.

CHAPTER V

THE BASIS OF REPRESENTATION

"There is no element in all nations more concerned in the achievement of conditions making for permanent peace between nations than the working people, who constitute the majority of every nation. Working people have never been properly represented in diplomatic affairs. The future must be constructed on broader lines than the past."

—Annual Report, American Federation of Labor, 1917, p. 62.

THE probable basis of representation in international government is generally assumed to be national or territorial or racial. Since in all national states the territorial and numerical basis of representation has prevailed it is inevitable that we should apply familiar political analogies to a new and gigantic problem. The idea of territorial representation has gained complete currency. The only query is: are the territorial interests the only ones that international bodies should seek to represent?

The fact is that as yet there is no wide agreement as to the interests which merit or require

representation in international dealings. But suppose we do want to give voice to "national interests." What are they? Who is to speak for the nation? Are we of the United States to have Democrats or Republicans or Socialists as our representatives in the international government? No one for a moment believes that the voices of the members of these three parties would be raised in complete unison in world councils even in defense of "American interests." Had there been a world organization when President Wilson was handling the Mexican situation, the "Republican interests" would most certainly have been at loggerheads with "Democratic interests," and the opinion of American Socialists would probably have differed from both. England at the time of the Boer War would not have been adequately represented in a world parliament by any one party; there would have been sharp divergence of opinion among English representatives of any party as to what her real interests, as England, were.

Instances do not need to be multiplied to emphasize the essential complexity of the problem—to show that the representation of "na-

tional interests" in world councils would under existing conditions mean representation of the political party or government or clique in power in each country at the time. This might afford a highly satisfactory and equitable basis under certain conditions and in respect to certain problems—or it might not. Surely, if we have in mind to functionalize international groups, to bring together those from each nation whom it is necessary to bring together if some special problem is to be competently dealt with, the familiar territorial scheme of participation appears to be of questionable value. We require specialized representatives. This requirement does not ignore the fact that there may be, on certain matters, special territorial and national interests; it simply makes it plain that those selected to adjust differences of interest in territorial matters are not the ones best qualified to pass upon a variety of technical economic or other problems which also demand joint action by the nations.

In practice this has already been more or less recognized. The Hague Tribunal, in which representation was purely of "national interests," dealt with only a special range of subjects. The

thirty-three international administrative, scientific, and advisory bodies which the Fabian study of international government * enumerates as functioning before the war, were composed of delegates having technical training and competent to represent intelligently at least one aspect of the problem under consideration among the nations. The difficulty is not so much to get people to agree that specialized knowledge by representatives is essential to effective government. It is rather that we are reluctant to admit that to carry the principle into full effect there must be a radical devolution of power into the hands of a number of representative administrative and semi-legislative boards, commissions or tribunals. The familiar idea of a bicameral legislature with a sharp division of functions into executive, judicial, and legislative, is being weighed in the balance. It may yet be too early to say that it has been found wanting, but as already suggested we are in a mood for wholesale experimentation in domestic government, and we shall be unwarrantedly guilty of indiscretion if we do not approach the wholly new

* See *International Government*, by L. S. Woolf and the Fabian Society, New York, 1916.

question of international representation in a fresh and candid way.

Upon what basis, then, should the countries proceed in order to get the right kind of expert yet popular consideration of vital questions? Are there any guiding principles of sound representation? Has the representative principle said its last word in giving us bodies like our Federal Congress, in which the membership is determined by the accidents of population and the place of residence of the representative?

There is good reason to believe that the representative idea need not be so narrowly construed. There is evidence at hand to indicate a broader application of the idea—one that may have vital suggestions for the international problem. The efforts of labor leaders, employers, and publicists to bring about some sort of adjustment in local industrial conflicts have resulted in the gradual building up in the last twenty-five years of a new point of view toward the idea of representation and representative government. And it is not unlikely that principles which are proving valid in preserving industrial stability at home can be applied on an international scale—espe-

cially in those departments of activity where economic questions predominate.

In the first place, a sharp distinction is being more and more drawn between civic and industrial government. Civic interests are created by the fact of geographical contiguity. Matters of public health, police and fire protection, primary education, recreation, housing—these are, generally speaking, problems in which common interests are created by proximity. A fundamental identity of interests exists among neighbors on these affairs—an identity disturbed only by varying degrees of intelligence which refuse to understand in what direction self-interest really lies. The problem of representation in the government of a city, state, or nation is therefore comparatively simple. If each geographic area which has common civic interests is intelligently represented in the larger civic councils, these territorial, neighborhood interests will receive their proper recognition and any conflicting interests between one area and another can be—as they are today in all legislative bodies—amicably adjusted.

It is when we come to the world of active economic forces that the problem becomes in-

volved. There the interests which people have in their capacity of producers are likely to be in the ascendant. The manual worker has, for example, an interest in more wages;—an interest which conflicts with that of his employer who wants large profits. Should both of these individuals happen to live in the same block, the interests of both as neighbors would be adequately served in the city councils by a non-partisan candidate. But their opposed interests as producers would receive no representation whatever. And failing some measure of collective bargaining, their problem of industrial government is untouched and unsolved.

There is, in other words, in the nature of the economic relationships which people must have with one another, a difference of interest between the workers, the investors, the consumers. Undoubtedly a fine analysis would reveal other parties at interest in most industrial transactions. My purpose at the moment is only to establish the point that there are opposed interests in the conduct of industry for the avowed and open representation of which little provision has thus far been made.

An exactly parallel situation on an interna-

tional scale is the one with which the world must deal after the war. All the workers of most of the nations are likely to have an interest in more wages—and in a new and more dignified *status* in industry. And all the industrial employers of those same nations are likely to have an interest in bigger profits. What, in such a situation, is the "national interest" of the workers and employers of any one country? Practically, there are all degrees of mutuality between the interests of the employers and workers of any country; they range from an identity of interests in low unit costs of production to a complete disparity of interest over the amount of return to the manual workers, the managers, and the investors respectively. How to secure representation on an international scale for these disparate interests remains to be determined.

Indeed, it is so obvious that there are conflicting economic interests, that the fact is generally ignored in our thinking about the right way to carry on a democratic government. We have since the founding of our country assumed with perfect simplicity that if public constitutional provision for representation of localities

by local delegates is made in the civic field, the framework of democratic organization exists. We have forgotten that the industrial world is properly subject for the same sort of democratic and public organization; that in industry locality and majorities are facts that have less weight than differences of economic interests.

But labor has not forgotten. The activities of voluntary labor unions have kept alive the notion that there is another world, paralleling the world of home and neighborhood, in which differences of interest do not arise from differences in geography, but from differences in economic status. Organized labor ridicules the charge that it foments discord, strife, and conflict of interests. Its claim is that it simply seeks by honest analysis of the facts to show that differences of interest do exist; and that where they exist, there must be some deliberate effort to protect the several parties that have divergent claims.

As a direct consequence of this analysis the organized workers demand two things. They seek to create an adequate structure for industrial government and to secure representation in this government on a basis of special interests.

They are alive to the lesson of our failures in democratic government and they are insisting that intelligent social control of different types of institutions and activities requires different types of governmental structure. In short, we can control our civic affairs through existing political machinery (or with machinery still in the formative stages, such as the commission form of government, proportional representation, city managers, etc.). What we now need is an instrument of control in the world of conflicting economic interests.

The vitalizing conception of functional organization is permeating political thinking. Where there is a function to perform there must be a structure of administration and control calculated to facilitate the performance of that function. This conception has great practical value when we consider that administration and control can only be effective if they are in the hands of those who have an immediate interest in carrying on a task; and that only those with special interests have sufficient knowledge of technical detail to give their counsel value.

This idea of different interests as parties to the control of an enterprise may in a crude way,

be made concrete by an illustration. To illustrate a general truth is always to subject it to criticism from those who have profound knowledge in the field from which the illustration is drawn; and this distracts attention from the principle. But let me use again the illustration of a world organization for the distribution of wheat. Here is a hypothetical organization, created by common necessity for this one function. At first glance the major parties or interests appear to be:

(1) The consumers of the world—all without regard to nationality having a common interest in a bounteous supply at the lowest possible price. If we could conceive of all the world having sufficient confidence in Mr. X of England or Mrs. Y of France as the voting representative of the consumers' interests, wielding all the consumers' votes, that would be an ideally simple solution. It is in the absence of that complete confidence that we shall probably resort to the familiar expedient of having the consumers of each of the world's administrative units (i.e., nations) separately represented. The fact remains that so far as they are intelligent and faithful to the interests they are to serve

these representatives are all likely to vote the same way.

(2) The producers (farmers). Here, again, we have a theoretical identity of interest among the farmers of different countries in securing maximum price. Practically, however, to the extent that the farmers of a nation are organized for protective purposes, those organizations would naturally want representation.

(3) The distributing agents (government wheat corporations or private middlemen). To the extent that distribution is undertaken as a governmental function, in which people's needs are the governing consideration (as has been the case during the war), the interests of the distributors would tend to coincide with those of the consumers. When, on the other hand, motives of political preferment and favoritism to the farmers are dominant, or where private middlemen are (as was the case before the war) interested exclusively in their own profits, the distributor's interest stands as a divergent—and to a certain extent—anti-social one.

There may in this illustration be other vital interests which should be noted. But enough have been suggested to show that the lines of

opposition are not necessarily national lines, but rather lines dictated by divergent economic interest. My contention is that representation in international standing bodies, subsidiary to the league of nations, should be on a basis of these genuinely distinct interests; interests which have cohesive power, which drive people together into conference and joint action because each party's purposes are best served *and only served* by and through participation in adjustments.

In international bodies like the Hague Tribunal the problem of the relative voting strength of the different countries has been a delicate, although by no means insoluble, one. But in the great number of economic problems on which the nations will more and more coöperate after the war, the relative voting strength of the nations will, I believe, be of less importance than the relative voting strength of the vital economic interests which cut across the familiar national interests.

Assuming for a moment that the nations are agreed that in addition to any distinctly national interests there may be which require representation in administering the world's wheat supply, there are also the interests of consumers and

farmers and distributors to represent—the great question, and for the plain people of the world the all-important question, is: what is to be the relative voting strength of producers as against consumers and distributors? The answer seems to be, so far as experience has thus far enlightened us, that we should accord equal representation to every genuinely different interest in the conduct of an enterprise. If there are three distinct interests to be taken account of in supplying wheat to the world, let every nation send three representatives picked so as to be surely and unquestionably spokesmen of their respective interests. If question is raised as to what is a "nation," what areas are entitled to individual representation, my tentative answer would be: let that, like other similar problems which will arise regarding a direct voice in world affairs for much of the area in Africa and other undeveloped parts of the world, be subject to international agreement after the war.

A valid objection which will be raised against representation by interests on this world-wide scale as I have just stated it, is that it will bring into being an unwieldy body, capable of

no quick or direct action. If world organizations were to conform literally to the above suggestions they would certainly be too big and there would be present all the dangers and crudities now inherent in our bulky parliaments. But if the idea of representation is applied in relation to the idea of function a more effective instrument of public control may be created. The completely representative body will undoubtedly have its function—it will represent different interests. But it will be a mistake to assign to it the administrative work of putting its own decisions into effect. For that purpose it will have to create, presumably out of its own membership, a small organization—executive committee, administrative board, call it what you will—to carry on the permanent business of the industry. But this smaller group would be responsible to the larger—as well as to any inter-industrial chamber that is found to be necessary.

Moreover, it is undoubtedly true that economic changes after the war will cause a perpetual realignment of interests—create temporary differences where they did not exist before and create identities of interest where conflict had

been. The dye industry of our own country may prove to be a case in point. If enough capital is invested in this industry and enough workers enlisted in it, both parties will have a temporary interest in the perpetuation of the industry, even if it appears later that dyes of the best quality and cheapest price can be obtained elsewhere.

The same thing is true of the shipping industry. It may be possible in this country or England or Germany to work up a sentiment which will bind employers and shipyard workers in a demand for government subsidies to the industry or in a demand to exclude from domestic ownership ships built abroad. The supposed identity may even be astonishingly permanent. But as free-trade sentiment and logic permeates, the workers will see, as they so largely do already in England, that artificial restraints upon and stimulants to industry are bad economy and ultimately a burden on the workers of the "protected" country. The "full dinner pail" tariff argument was, of course, built up by appeal to a supposed identity of interests between workers and employers. But the fact of flux in the harmonizing or opposing of interests does not impair the argument for their recog-

nition and representation. The principle I have laid down rather makes possible and assures an administration which is flexible and responsive in its decisions to the fluid facts of economic change.

If, then, the first principle of sound representation is recognition of differences of interest, the second is organization of each party which has different interests.

Careful identification of the opposed interests carries with it the assumption that once identified—once self-conscious—each party will organize to make its desires vocal and effective. This assumption has not, of course, been realized in all too many cases. The manual workers and consumers are only partially conscious of their respective common interests and are only partially organized. The fact that they are not conscious and not organized in no way invalidates the claim that they have peculiar interests which can only be served by group action. It shows merely that the contemporary economic situation has been forced upon us so rapidly that we find it difficult to understand and grapple with it. Our mechanical inventiveness has far outstripped our ingenuity in the institu-

tional world and our capacity for organized effort.

Yet without organization no adequate representation of interests will take place. With it there can be representation for all parties in any deliberations which affect them. The third principle of representation is, then, that in the administration of any enterprise all the parties to it which have divergent interests should be represented. This requires the analysis of each economic situation separately to see exactly where lines of cleavage fall. Ordinarily and typically an opposition on certain matters arises between manual workers, managers, investors, consumers, and governmental bodies. It will perhaps be objected that to try to represent these contrary interests in the councils of industry is to create a permanent deadlock. Yet could a greater deadlock be conceived than that incipiently present throughout industry today? Industry comes to a standstill as a result of thousands of deadlocks (strikes and lockouts) each year. And in lieu of these interruptions, we only manage in a clumsy and repressive way to effect some sort of temporary adjustment under which the industrial mechanism runs

until another occasion for complaint threatens to stop the wheels. An incipient, if repressed, deadlock is already here. It remains for the world to see how smooth and orderly the conduct of industry might be if it formally took account of different interests before rather than after making plans for world production.

The principles of representation that make for successful operation can now best be restated in a series of propositions which summarize categorically the foregoing discussion:

1. In the conduct of any enterprise there are different parties to the enterprise.
2. These different parties will almost inevitably have certain interests in the conduct of that enterprise which are opposed to those of the other parties.
3. In order to voice those interests and present the special considerations which each party will inevitably have in view, each party should be organized; and when organized
4. Each party should be represented in dealings where its affairs or destinies are involved.
5. *There should be a structure of administration on a basis of function and a form of con-*

trol on a basis of representation of all the parties at interest.

Identification, organization, representation of interests, coupled with organization adapted to its work,—these are coming to be seen as the cardinal ideas in successful representative government—ideas that are valid in industrial no less than in civic exigencies. And they have, as we have seen, their suggestion in international as well as in local affairs.

Yet there is real danger that liberal and labor opinion may simply transfer to thinking about international representation the old ideas of checks and balances, territorial alignments and majority control. That way lies disappointment. We must secure representation of real interests. Labor's demand for a place at the peace table is in direct line with this conclusion. That is one reason why the demand should be made effective. But more than representation on that occasion is necessary.

There should be terms in the peace treaty which assure that adequate representation of all special interests is accorded as a matter of course on every international body which it thereafter seems wise to create. Manual work-

ers and consumers will have no guarantees of democratic control of international governmental bodies unless they are automatically granted a place upon them. Whenever the time is ripe to draft a constitution for the united states of the world, representation of special interests in functional organizations promises to be one of its essential provisions.

Happily this analysis of a sound basis of representation squares with the facts in a significant way. Representation of interests means representation of labor. But labor, we have seen, is the one special interest most eager for permanent peace. Its voice in international bodies promises to offer counsel which is unequivocally away from jingoism and chauvinism and toward peaceful procedure. To make labor heard in international gatherings is to create one of the surest guarantees that amicable adjustments will be effected. And this will prove progressively truer as the Internationale—the formal joint organization of the labor groups of different countries—gains inevitable new strength and dignity after the war.

CHAPTER VI

THE NATIONAL ECONOMY

"Institutions for the maintenance of peace, to be really efficacious, must not be limited to mutual contracts between States, but they require a preliminary and profound transformation in the internal organization of each State."

—ACHILLE LORIA, in *The Economic Causes of War*.

EFFECTIVE internationalism presupposes the existence of strong national organizations. There must be distinct and defined administrative units which can be a party to dealing with the other units. So much is well understood and clearly established. But the demand for a functionalizing of international relations requires a unified national economy of which national political unity is the merest shadow. If the nations are to deal together through organizations entrusted with special functions—a wheat commission, for example, or a coal or iron commission—the need for an integrated organization within each country for the control of each particular industry becomes patent.

Already for war purposes this need is appreciated. When the Government's demand for goods requires the mobilization of the energies of an entire industry, all manufacturers in that industry necessarily become a party to the allocation of contracts and materials. The fact that there is only one buyer and that this purchaser can take all that the manufacturers will turn out, removes any reason for secrecy or competitive bidding. This has been the situation—to take only one example out of many—in the wagon industry. It was not enough for a general "association" including only the "big fellows" of the industry to go to Washington. All vehicle manufacturers had to be represented. The convocation of the entire industry in this way made possible a new and unprecedented degree of organization. The manufacturers agreed that from now on instead of eight hundred they would build only four hundred types of wagon; and the likelihood is that in the course of standardization this number will be reduced to fifty with the consequent economies in manufacture further enlarged. Uniform cost-keeping methods have been adopted; and to each concern has been allotted, at a price which the in-

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dustry believes to be fair, as much of the Government's total order for wagons as it can handle. This case is typical of the extent of combined action which the war has made essential in many industries.

But a second fundamental idea must be kept in view. Organization must not only be by function; it must be controlled by a group representative of different interests. This necessity for the participation of opposed interests in affairs that affect them will be especially important after the war, when the workers will be increasingly in a position to demand a share in industrial government. Reasons for national organizations by industries and representative of the several parties are therefore forthcoming from several different directions. For the employer an integrated industrial organization assures the most economical manufacturing methods by making it possible to standardize process and product; and it provides the most successful selling methods abroad because of the low prices at which goods can be offered by the coöperative selling agency which an organized industry can maintain. For the worker such representative organization becomes

a guarantee of his participation in the control of the industry. And for the Government and the larger public a well-organized industry means a single unit to be dealt with and controlled in both domestic and foreign trade relations.

If, then, the integration of the national economy along these lines is desirable, how is it to be achieved? Are there in evidence tendencies in the direction of representative national industrial organizations? In England there are. The Whitley Report has precipitated a vast amount of practical suggestion and action in this very direction. Drafted by a representative committee which was to make suggestions to the Prime Minister "for securing a permanent improvement in the relations between employers and workmen," this report advocated the creation without delay "of joint standing industrial councils in the several industries, where they do not already exist, composed of representatives of employers and employed." These councils are to have as their object "the regular consideration of matters affecting the progress and well-being of the trade from the point of view of those engaged in it." Moreover, "the na-

tional industrial council should not be considered as complete in itself; what is needed is a triple organization—in the workshops, the districts, and nationally."

The reasons offered by the committee for coming to its conclusions are no less instructive than the conclusions themselves,—especially since they emphasize one of the values of joint organization to which I have already pointed. "It is clear," the report observes, "that industrial conditions will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry. Their treatment will consequently need an intimate knowledge of the facts and circumstances of each trade, and such knowledge is to be found only among those directly connected with the trade."

In consequence of the wide publicity accorded this report its central idea has been quickly taken up by employers and workers alike. National industrial councils are now being fostered under the auspices of the British Reconstruction Ministry, and the Government has in-

structed the Ministry of Labor to set up such joint bodies as rapidly as possible in industries most readily adapted to their organization. The pottery industry has been the first to put into operation the machinery suggested for this closer working together of the parties at interest. A council of sixty members equally representative of employers and operatives has been selected by the employers' associations and trade unions respectively, and this body is to become the parliament of the industry. To this body come the settlement questions of "wages and selling prices, improved conditions of labor, technical education, study of trade processes, and other appropriate matters advocated in the Whitley Report." Especially significant of the new temper in which this reorganization of the industry is being undertaken are the following sentences from the report of the preliminary conference of operatives and manufacturers:

"It was unanimously agreed that the power is needed to compel all firms to observe common rules and standard conditions laid down by the representative associations of the industry. Either

"(a) the State should give the force of law to the determinations of a joint committee or committees

representative of the Manufacturers' Associations and the Operatives' Unions, or

"(b) membership in Trade Associations and Trade Unions should be compulsory by law on all eligible for membership.

"This claim is made, not with the object of abolishing competition and obtaining monopoly, but of restricting competition and diverting it from price to quality and from socially undesirable practices . . . to socially desirable methods such as improving equipment and organization. . . .

"The essential condition of such an organization is a new spirit. The industry must be regarded as a department of the national life, existing for the double purpose of serving the community and affording the opportunity of a complete life to all the individuals engaged in it." (Italics mine.)

Not directly fostered by the Whitley document, but equally in harmony with its suggestions, is the Board of Control of the Woolen and Worsted Industries which was created in 1916 to organize and protect these trades for war purposes. The wool shortage made it necessary for the Government to buy up the whole clip not only of England but of Australia. This done, problems at once arose as to the distribution of the supply among the existing factories as well

as regarding the price the Government should pay for spinning and weaving. Although experts from the trade were at once called in, it was soon seen that no satisfactory "rationing of wool" would take place in the absence of a completely representative supervision of the industry. A Board of Control of thirty-three members was therefore created, a third of whom were to represent the War Office, another third the employers' associations, and the remainder the trade unions. Upon this board devolves the duty of allocating the raw material in accordance with the needs of the country and the equipment of the factories, the determination of hours and working conditions and the settlement of "conversion costs" on such a basis that the manufacturers become simply the agents of the Government without the introduction of profiteering. So successfully has the industry operated on this basis that a standard cloth of a specified size and quality is now to be made at an agreed price for civilian use. After the war, while the representation of the War Office will naturally cease, there will remain a structure of control over this industry which will make it impossible ever to revert to the individualistic

competitive scramble of the last century. And this coördination has taken place in a trade as disorganized, speculative, and specialized as is our own cotton manufacturing industry at this moment.

Another instance of joint control which shows the inevitable logic of the idea is at hand in the three National and District Marine Boards with jurisdiction over marine engineers, caterers, and sailors and firemen respectively. The three national boards, headed by Sir Leo Chiozza Money, are charged with "the maintenance of the maritime supremacy of the British Empire and the establishment of a closer coöperation between the employer and employed of the British mercantile marine." As is the case in the other trades, the unions and the employers' association here also become the acknowledged agents of the respective parties at interest.

Scattered, therefore, though these examples of ventures in industrial constitutionalism are, they drive uniformly in one direction. They have but one meaning. They contain implication of a new industrial policy to which England is now committed. In consequence the Labor Party in its report on reconstruction is amply

justified in its refusal "to believe that the British people will permanently tolerate any perpetuation of the disorganization, waste, and inefficiency involved in the abandonment of British industry to a jostling crowd of separate private employers. . . ." The Party is close to immediate realities in looking "to a genuinely scientific reorganization of the nation's industry."

But the demand for a scientific reorganization of industry is not confined to England. Even in Germany, although the trade unions advance their claims less boldly, they cherish the same fundamental idea of representative control of industry on a national basis.

"For the facilitation of the solution of the economic problems of the period of transition," reads a petition of October, 1917, from the German labor organization to the Reichstag, "and for the receiving and disposing of complaints, requests and applications the imperial commissioner shall establish in the various Federal States and in Prussia for each district of each Province special economic boards composed of an equal number of representatives of employers, employees, and of the competent State government and presided over by a chairman appointed by the imperial commissioner.

"Representatives of the trade-union groups of the joint committees of the salaried employees' federations of the most important branches of industry and trades shall be appointed to coöperate with the imperial commissioner for industrial reconstruction and the economic committee of the imperial ministry of the interior. The advisory board of the imperial commissioner shall likewise be supplemented by the appointment of representatives of these organizations." *

And the same story of integration, minus however the demand for representation, comes from the employers. "The woolen merchants," says a recent dispatch from Basle, "are uniting their efforts to the same end [in order to dominate the market]. They have just founded at Bremen a society which, with the European Commercial Association, will be a council for the purchase of raw material in Russia, Rumania, and the adjacent countries. . . . The founding of this society is considered the first step toward the woolen trust. . . ."

In our own country the machinery of regulation is at present more complete than the structure of a national industrial economy which

* See *Monthly Review*, Bureau of Labor Statistics, April, 1918, p. 84.

it is potentially able to regulate. Integration of the nation's productive units on a basis of a representative control seems remote enough. Yet the war pressure has created a situation of complete nationalization and partial representation in the whole transportation industry. Shipping, shipbuilding, and railroading are now carried on under unified or coördinated managements; and the collective agreements that exist in these three fields afford a practical basis for an ultimate extension of joint control beyond the conventional "wages, hours, and conditions."

There exist for purposes of amicable wartime adjustment agreements between the Federal Government and the unions of longshoremen, seamen, and of the shipbuilding trades. Under these contracts representative agencies of conference and arbitration exist, and it is not only conceivable but likely that if governmental control of shipping and shipbuilding continues after the war these agencies will be put upon a permanent footing and their powers gradually increased. Even more on the railroads are the organizations of the workers in a position which makes their representation on managerial boards a normal next step. Joint

dealing with the operating and shop employees has now become such an accepted feature of railroad operation that it will be due to the unions' own caution and reluctance if no demand for representation in actual policy making and administration is pressed by the men—regardless of the ownership of the roads after the war.

The building trades furnish a further example of an industry in which the organization of masters and men is more and more co-extensive with the entire industry; and it is therefore among the first of the industries in which joint control on a national basis may be expected. Nor should the coal industry be excluded from mention for the same reasons.

But apart from these hopeful signs of the way things will probably move in other large-scale industries—metal and textile trades—the interesting recent developments in the United States are in the field of regulation. The War Industries Board with its new powers stands as the controller of industrial destinies to an unparalleled extent. By its control over priorities in production and in the distribution of raw material within the country, it can do pretty

much as it likes with industry. In addition, there are its price-fixing powers, which although only advisory become extremely effective through its other powers; and when in addition to this its oversight over the purchasing of the Allies in this country is considered, it will be seen that its control over price can be substantial. In the food and fuel situation the extent of national control is already publicly known. Under their broad powers, the Food and Fuel Administrators are able to control the price and the distribution of a number of essential commodities.

Over all trading activities, both domestic and foreign, are set the War Trade Board and the Federal Trade Commission. The War Trade Board is especially significant in the powers that it wields. It is expected to license and control all commodities exported from and imported into this country, to say nothing of its work in regulating all trade with the enemy or allies of the enemy. It is hard to grasp the potency of this function. The Trade Board has absolute control over the destinies of any industry which must import raw material or which counts upon sales in foreign markets.

Its work reveals the practicability, quite apart from war-time needs, of a governmental body which will represent the public interest in dealings between the merchants of different countries in the allocation of raw stuffs and finished goods. Even if we create administrative bodies to care for the distribution of each commodity, there will still be need of a regulative body in each country to coördinate the demand of manufacturers in relation to available shipping space for the export of goods and the carriage of raw material. The more direct regulation of the export of goods is now permanently provided for in the Webb Export Trade Bill, which requires all corporations which associate themselves together for foreign trading purposes to be registered with and supervised by the Federal Trade Commission.

Over the field of finance, the hand of national control is also extended. The Federal Reserve Board, although not a war-time body, is able to control the domestic credit market in the public interest and to keep money and credit available in times of stringency.

The War Finance Corporation is organized to control the flow of capital in war-time; to

encourage and help in financing projects required by the war, to discourage expenditure on unessential enterprises. Its Capital Issues Committee has plainly a function which is socially wise not alone in times of war. The need for public control over the expenditure of capital in new ventures and in the expansion of old ones has been increasingly recognized in the last few years as the anarchic results of unrestricted competitive investment are understood. In the exercise of such a crucial function every precaution must certainly be taken against an arbitrary or repressive use of power; and of course one way to help in this direction is to provide for labor representation on the directorate of this corporation, as well as a voice for other special interests that may upon analysis appear to be present.

It is doubtful whether amid this array of boards there are many corporations which are having yet to submit to simultaneous control in the field of manufacture, sales, and finance. But in respect to these several phases of industry, agencies of potential control are at work. To what extent they duplicate the work that a scheme of national industrial councils would

delegate to the industries themselves, it is not yet easy to say, although it is probable that there is in the hurry of war organization some unnecessary duplication of function. The important thing to understand, however, is that we have at least taken one big forward step as a nation. We are creating administrative and regulative machinery on a national scale to oversee the conduct of affairs in the national interest and for social purposes. It is implicit in the fact of all this special activity for war ends that it is undertaken for the benefit of all the people, that the public interest is receiving a major recognition as never before. At least for the war we have achieved a social purpose for industry—that is, for the war industries. It remains only for us to decide whether the retention of this motive after the war will make for a more rational and productive system of manufacture. What will be our decision?

No one can prophesy how rapidly the forces of integration within industry itself will work in America. But the prophecy which Dr. Friedrich Nauman recently made regarding conditions in the countries of the Central Powers is not wide of the mark for all the countries

which propose to buy and sell in the world markets under some degree of international oversight. "Henceforward," he said, "there will actually be a real political economic system by which is meant central government control of sale and purchase, and of the methods, extent, and valuation of production."

Whether we agree or sympathize with this picture of governmental control or not, is a secondary consideration. The fact is that some form of national organization of industries as indigenous, voluntary, and flexible as our industrial statesmen have ingenuity to contrive, is a necessary concomitant of peaceable international trade. And such organizations will function in the public interest only when they are thoroughly representative in character; when consumers and workers no less than managers and investors are partners in the enterprise. It is not necessary that this sort of integration should end in government ownership, or clumsy and overweening monopolies. The national industrial councils of England exist specifically to minimize the extent of official interference. Indeed, the desire to be autonomous has governed their entire creation.

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National representative organization of each industry is, therefore, simply the administrative condition necessary to assure democratic action in industry at home and democratic representation in international economic councils abroad.

CHAPTER VII

THE SPIRITUAL GUARANTEES OF PEACE

"The new State order demands sacrifices from the great and strong in the first place. They have to renounce the means that have hitherto been to their advantage and at their disposal alone. But international justice demands that the law of the strong arm shall finally disappear, that the rights and prestige of nations, whether great or small, shall be placed on one and the same level. Just as in private life the individual is no longer permitted to enforce his will by force, so in the life of nations also can that no longer be permitted. There cannot and must not be two kinds of morality, one for personal and another for political use."

—General Count Max Monteglas, in *Berliner Tageblatt*.*

THIS essay has been written to suggest how the people may play a real part in the rearing of a just, democratic, and stable peace. It has maintained the simple thesis that effective representative control of all the major economic forces and agencies of the world is essential. It has stressed the material considerations, attempted to outline the part that self-interest must of necessity play in giving the nations of

* Full text of this remarkable article is translated in *Christian Science Monitor*, July 11, 1918.

the world an inescapable cohesion, interdependence, and pacific intention toward each other. It has been an essay in *Realpolitik*.

But I would do my own case an injustice if I did not hasten at least to make mention of the less tangible, spiritual forces which are operative in the world. No true statement of even such an admittedly one-sided analysis of the problem as I have here aimed at, is possible if we reckon without the controlling prejudices, ideas, purposes, and aspirations of the peoples of the several nations.

International good-will, a generous attitude of universal fraternal feeling, an honest and intelligent cosmopolitanism,—these are not to be achieved simply by the setting up of representative functional bodies on a world scale. Yet it must at the same time be gratefully recognized that the meeting of many minds, the coming together of people out of many lands, which the right kind of international assembly will inevitably entail, will have its own remarkable educational value.

I am confident, however, that some more conscious and direct effort to create good feeling, friendship, and sympathy among the plain peo-

ples of the world is immediately desirable. The same methods, the same combinations of agencies, which are now used to tear down international morale and to foster suspicion and hate, must after the war be turned to the humane purpose of building up good-will.

Our own relations with Japan furnish an excellent case in point. There has been an attempt, how or why animated we need not consider, to stir up in each country a deep, unreasoned antipathy for the people of the other. Newspaper headlines, magazine editorial articles, and books are deliberately used, or have until recently been used, to keep alive this vague, unsettling notion that Japan is unfriendly to us, that the Japanese people see in us the enemies of their highest purpose. It is the subtle, sinister, and extremely able manipulation of this supreme molder of public opinion, the press, which can work such incalculable harm. It is, however, this same agent which can, when intelligently directed, be an enormously influential factor in creating friendliness—as witness the present press attitude toward France and England.

I can give this point force and show in how

many directions this idea of intelligent, socially directed publicity can be used, if I rehearse briefly some of the ideas, the wrong ideas, which have controlled people's thought and action, and which have been contributory causes in making war possible.

There are at least five such ideas which will occur to everyone. They are:

- (1) That force is the greatest power in the world; that might makes right.
- (2) That the State is supreme, and is an end in itself.
- (3) That the State exists to advance the interests of those who control it; that it is an agent to be used for creation of national profits.
- (4) That trade exists primarily for the profit of the traders.
- (5) That certain races are inferior and unable to govern themselves, either immediately or ultimately.

All of these ideas appear to have had wide currency in the countries which are now disturbing the peace of the world. And we would be blind advocates of our own cause if we did not realize that there exists outside of Germany a sufficient minority opinion interested

in the maintenance of these ideas to make it worth our while to understand the dangers entailed in their acceptance.

(1) The first idea, the notion of the moral supremacy of force, can be so built into a people's thinking as to make it impossible for them to accept treaty responsibilities and admit the sanctity of international law. Treaties become scraps of paper; international usages are ignored. Doctrines of forbearance, forgiveness, and patience are looked upon as silly evidences of weakness, as fatuous indications of physical decadence. The doctrine of the survival of the fit is perverted to bolster up a crude and cruel attitude of superiority. Groups indoctrinated with this view are, of course, no fit subjects for an international community in which the obligations of one become the obligations of all. In a league of nations there must be respect for law, a recognition of national responsibility for carrying out the nation's word, a scrupulous regard for the rights of other nations. To secure this attitude, to have it as universal as possible, is as essential to peace as to have world access to the world's raw materials. But in order that this attitude should prevail it must be induced by

systematic instruction, by the conscious creation of a new conception of international morality. As between individuals, we have come to see that force is not decisive, that decisions based on it are unsatisfactory, stupid, socially unfortunate. An attitude of reasonableness, and preferably one of sympathy and patient understanding, are manifestly the most productive of harmony and happiness in individual relations. This truth holds true no less as between nations. There must be one conception of law, responsibility, and morality in international and in personal dealings. As long as we educate to the philosophy that might makes right, just so long will the moral atmosphere in which the league of nations lives be a dangerous and unsettled one.

(2) The ultimate supremacy of force is also implicit in the second idea,—that the State is an end in itself. This absolutist conception has been slowly but surely giving way in the Western World to an explicitly humanistic interpretation of the State. Man was not made for the State, but the State for man, we are saying today. And the whole intellectual machinery surrounding the idea of absolute sovereignty is fast being relegated to the scrap heap.

It is predominantly in Germany that this idea still finds wide acceptance and justification. A whole structure of scholarship has been built up to prove the supreme efficacy of the State—and more especially of the Prussian State. Here, again, a formidable machinery was set in motion to establish in the people's minds an idea—a bad, futile idea,—that all other ends and aims are subservient to those of the State.

This idea carries with it two practical consequences in the State's dealings—in its dealings with its own members and with other States. In the former case, all personal desires are permanently subordinated to official desires. It becomes easy to build up a militarist machine, obedient, passive, and effective. In the latter case, the State is unwilling to relinquish any of its "absolute rights." It will not turn over to any other agency—an international commission, for example—power of decision over any of its own affairs as they affect the dealing of State with State. It insists on maintaining its splendid, if immoral, isolation.

In short, the dominance of the State idea puts an end to any generous, individual, personal ideals and aspirations. It makes impossible the

sort of concession and compromise which is inevitably required from the members of a league of nations. Over the door of the super-State of the future is clearly written: "Abandon absolute sovereignty, all ye who enter here."

And it is no less true, I repeat in passing, that the super-State itself will have in its turn, not to abandon, but never to set up claims to full sovereignty over its constituent members,—excepting in the functional sense I have already described.

(8) The so-called mercantilist theory, the theory of the "national economy," or the nation operating as a conscious, aggressive industrial unit, is not without its vociferous supporters. It means that every nation is set against its neighbors in an effort to become wealthy, self-sufficient, having a balance of trade in its favor. It means that tariffs are employed, subsidies are granted to manufacturers and shippers to make them superlatively successful in competition with the traders of other nations; national prestige is conceived as reflected only in large gold reserves and huge export figures.

Efforts, some of which I have mentioned, are being made today in all the important countries

of the world to get governmental sanction for a policy of mercantilism. How completely at odds with the policies animating a league of nations this position is, will be clear to all who have followed the argument thus far. One of the potent influences in giving the league significance and vitality is the economic interdependence of the nations of the globe. National self-sufficiency is not only an exceedingly unscientific and uneconomical doctrine; it is practically an impossible doctrine. For even the most favorably situated nations, like the United States and the British Empire, cannot without an infinite deal of special effort accomplish to-day the economic independence which this ideal requires. And the great majority of the countries of the world must inevitably rely for more and more of their necessities on dealings with other countries,—dealings which are assured and protected under a world league.

No; we cannot, in the nature of the world situation, look for a fulfilment of this selfish concept of a national economy. All liberal tendencies—those which make for the creation of a world league—are operating in the directly opposite way. In giving further currency to the

idea of assertive economic nationalism, the publicity agents of the world are only confusing people's minds and retarding the spread of a sentiment which must come to be widely and resolutely in favor of world interdependence, free trade under world regulation, and an industrial system which will serve the needs of the people.

(4) It is the fourth doctrine which, in connection with the third, forms an especially formidable stumbling block to friendly feelings between States. It is the idea that trade exists primarily for the aggrandizement of the traders, and that if the traders can control the State they can use it as an agent in maintaining and extending the area of profitable exploitation. It is this idea which is at the heart of nineteenth-century imperialism, junkerism, protective tariffs, and "spheres of influence." It is the logical development and culmination of the idea of the capitalist State with the capitalists in control. It is the summation of the idea that industry and commerce are carried on for financial ends. It is the negation of the new, rapidly extending conception of *industry as the servant of the people*.

The war has put to us all in unmistakable

terms a question which was lurking in the background, needing an answer, even before hostilities commenced. The question is this: Are we, the people, to carry on the world's work, mine its ore, till its fields, make goods from its raw materials, and transport its finished products for the profit of the traders, or for the service of the people—in direct relation to their known needs?

And the answer has not been long in coming once the issues are made plain, once the duplication, quarreling, waste, unfairness, and stimulus to the meaner impulses of men under the competitive, profit-making system of industry, are understood. We must insure, says the tentative draft of the reconstruction platform of the British Labor Party, "that what is to be built up is a new social order, based not on fighting but on fraternity—not on the competitive struggle for the means of bare life, but on a deliberately planned coöperation in production and distribution for the benefit of all who participate by hand or by brain. . . ."

(5) The fifth idea—which acclaims the superiority of certain races—belongs partly in that category which I have deliberately excluded

from this essay, namely, the question of territory and territorial adjustment. But it should be mentioned here because of its direct relation to the other four doctrines. Like them it proceeds from an assumption that men—at least, men of certain races and colors—are not ends in themselves, but means to ends which other “superior” peoples impose upon them. This idea at once raises a subtle barrier, a dangerously overcharged atmosphere, in all dealings between peoples of “backward” and those of “developed” countries. We cannot exist amicably in a league of nations half inferior and half superior. If the facts of present-day political integrity are such as to make it impossible for certain areas like parts of Africa to present quite the same claims to national unity and coherence as do the countries of Western Europe, that is no excuse for a less than completely equal consideration of the peoples of those countries in international dealings. We know enough human history today to realize that the growth of a national consciousness and sentiment,* while it is to a certain extent desirable for purposes of

* See Ramsay Muir, *Nationalism and Internationalism: The Culmination of Modern History*, London, 1916.

international administration, is a process induced by causes which are slowly working out in Europe; and apparently the absence of the sentiment is no real mark of intellectual or any other kind of inferiority.*

Internationalization of one function after another will most certainly go on before the process of nationalizing the entire area of the globe is completed. And in this situation people in the less nationalized territories have a perfect right to demand representation in world affairs on any basis which they themselves can consent to as fair, on that basis which the world league sets forth as the one universally required in the selection of representatives for any particular organization. We have to distinguish more carefully than is customary between incapacity for self-government and an immaturity in national development which historic forces have made inevitable. The former is probably much rarer than the imperialists would lead us to

* Or as Mr. J. Ramsay MacDonald puts it in his "*Socialism and Government*," (vol. II, p. 84): "From the point of view of scientific politics and organic social relationships the recognition of historical and racial differences, of varied evolutions, of diverse forms of tribal and natural organization, is as natural as observation amongst the peoples of the world makes it necessary." (Italics mine.)

believe. The latter—namely, a lack of national cohesion—is certainly a prevailing condition in parts of the world that properly resent the imputation of inferiority.

These five dogmas have a common error. Their error reveals a spiritual myopia in the generation out of which we are passing—a moral inertia, for which we today have to suffer and from which we must shake ourselves, if the liberation of the post-war era is to become a reality. The error lies in the setting up of standards which are no standards. For they put things in place of men; they hold doctrines or material satisfactions for a few as having prior claim over people and their demand for life, for personal liberation and growth. The State is no end for life, nor trade, nor profits, nor domination. These things—to the extent that they have any value—are means to larger ends, ends more generous, more up-reaching, more truly inspiriting to the rank and file of humanity than these abstractions from which they can squeeze out no honest human satisfactions.

In our present outlook the ends we seek in life—hazy though they are—do get a certain

definition when we say that they must contribute to personality. We seek a world in which people, all people, shall have the opportunity to develop to the maximum that human nature which is at once the limiting medium and the glory of us all. We want a chance for personality—a chance for people to live richly, fully, deeply, generously. We want a great community of people who so live. A great community of fine personalities, of people living wisely and happily themselves, and therefore so living that the generations following them are yet finer, more completely in control of the world's forces than they have been!

The new world, the world of the next generation, is unmistakably destined to swing about a new center—the human individual. And our discovery—or more accurately our rediscovery—of the supreme value of the individual becomes the criterion in the light of which we judge institutions and ideas. We have set up an ethical touchstone which puts the thwarting absolutes out of business, which makes way for a new evaluation of human affairs. Let there be no misunderstanding, this is no recrudescence of “individualism.” This is no effort to set up

again an old utilitarianism or hedonism. It is rather the effort to make plain this truth: that the life of the community—interdependent as it manifestly is with the life of each individual in it—gets its justification and must derive its standards of value from the fact of its ministration to the body, mind, and spirit of every single individual who is born into it. There is no value, there is no socially justifiable procedure which runs counter to the fostering of personality, to the growth of free, happy, disciplined individuals.

Unquestionably the world has been busy about many things, and while we were busy the simple central values have slipped by and left us clinging pitifully, unhappily, to the husks. To humanize the values of life, to spiritualize the purposes which control people's action,—this is not a task devolving upon Germany alone. Fundamentally, what stirs to hatred of our present enemies is a hatred of the things in them that we hate and would suppress in ourselves. Hatred is thus practically self-defensive. And unless it is, unless it provokes to reflection and to intense resolve to be done with the thing hated—it is an emotional wastage and self-indulgence which has little if any justification.

How to set up more human standards universally, how to spiritualize the purposes of life: this becomes, then, a paramount task of reconstruction. It is a task vitally related to the peace-keeping enterprise—an integral part of the work of erecting a world league. We are met in the next half-century with this duty of educating for citizenship in the world State. And basic in this education, dominating the entire instruction will have to be a clear sense of the primary value of the human individual, of his innate splendor despite his known limitations, of the high vocation whereunto he is called.

This sentiment carries with it, of course, an apprehension of the spiritual equality of all people. An essential corollary of humanist purposes is a proper sense of the variety, richness, and unique value, of the civilizations and modes of life of the different branches of the human family. The provincialism of presumably intelligent people is still appalling; but it is accepted complacently because we have never set out to teach our children the interest, joy, and spiritual expansion made possible by a knowledge of the arts, literatures, philosophies,

and religions of the world. Surely a capacity for considered enjoyment is one of the important attributes of personality; yet our notions of enjoyment are still too restricted for us to teach people in the susceptible years of their lives what fascination can be found in familiarity with the cultures of other peoples—peoples that some callous press agents would make us believe to be barbarians and unenlightened savages.

Not the least effective of the mental weapons we can rely upon in the war against war should be a sentiment among plain people in one area sympathetically disposed toward plain people in another because they know that among their neighbors exists some great art, or great poets, or institutions made great by their serviceableness to human purposes. Once we consider the educational enterprise—and I use this word in its broadest sense to include all conscious publicity efforts—as an agent for the building up of a sense of world solidarity, not only economically and politically but culturally and spiritually, a vast and absorbing array of subject-matter presents itself. Far from being sterile and remote, education seen in this connection (in its

connection with the real human job of living happily with our neighbors) becomes the most vitalized of undertakings. It is clearly the task which, next to the immediate administrative work of instituting international bodies, must command the most intelligent leadership and the most expensive equipment which the world can afford. In the education of the next few decades we have the opportunity to build the basis in right ideas of the world organization of the future. Shall we conceive of the job in terms of its glorious magnitude and dignity; or shall we pass it by and continue in our mean little conventional educational methods, in our sordid, because subsidized, publicity schemes, in that moral miasma where generous motives and world visions are choked, still-born?

Dogmas do not die of themselves. They lose effect only when they are superseded by habits of thought and ethical standards which have a demonstrably greater utility. The present tendency to personalize values, to put people and the cultivation of personality above every other purpose, has a utility attested by the immediately sympathetic response it arouses among us. We are eagerly at search for ends that commend

themselves to our intelligence, imagination, and generosity. And there is a real sense of coming close to ultimate values when we assert our faith in the necessity of endeavor toward a world community dedicated to the fostering of freedom and happiness in all its members. The whole stupendous effort to build a rational world order after the war will proceed in all departments of life at once. Fine distinctions between economic and political, between cultural and spiritual, are easier to make in theory than in practice. The world's processes are more organic, more unified—wonderfully interrelated. This fact, however, has its distressing feature when we are considering how we should proceed. We must in analysis, as I have emphasized, oversimplify situations; and we must do it consciously, in order to know what our next steps shall be—knowing full well at the same time that we are momentarily working only in one compartment of a great labyrinth.

The control of economic forces for social ends must be achieved before a league of nations can function in an orderly, stable, and thoroughly satisfactory fashion. But that very social control depends upon the enthroning of a new

principle in individuals and in nations—the principle of the value of people as supreme over profits and property, over secret treaties and States. Actually, the educational work—this liberating of constructive spiritual forces—must proceed simultaneously with the coördination of economic forces. If, therefore, we are to pursue the people's peace with any assurance of permanently beneficial results, we must see life steadily and see it whole. We must be sure that advance is being made all along the line at once. We must work for a spiritual, no less than for an economic, reformation.

The rearing of a society of nations is, basically, a threefold task. It is, first, a problem in institutional reorganization. It involves the invention of new administrative forms and the adaptation of old ones. We have to erect machinery to operate a world State.

Second, it is a problem of intellectual accommodation to an extraordinarily complex world. Adjustment to world citizenship can only take place in the course of a conscious educational procedure.

And finally, this educational procedure will only perform its task and fulfil its promise if it,

in turn, is dominated and animated by a right purpose, by right motives and sentiments. Industry is to be carried on to supply real needs; institutions are to be made to contribute to growth and personality. We shall organize and reorganize, but to no good purpose at all, unless the reason for our efforts is to provide a community in which the generations can rear children more happy, more healthy, more peaceable, more abounding in capacity and courage than are the actors on the present scene.

The people would have peace; but it is not the peace of stagnation we desire. It is a peace under which the spiritual enterprises of our day can be carried forward and the plain people of the world can really win in the high adventure of having life and having it more abundantly.

THE END

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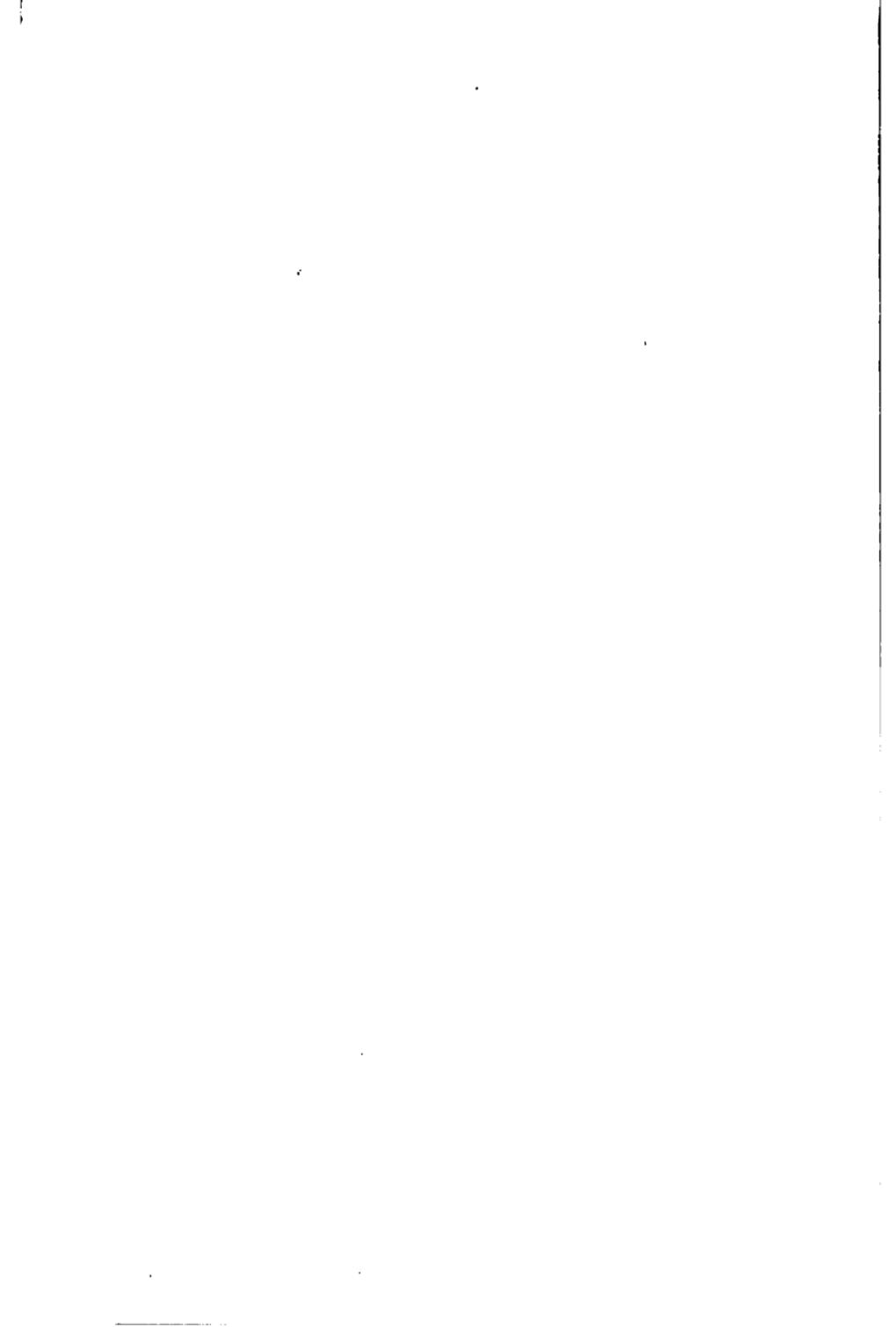
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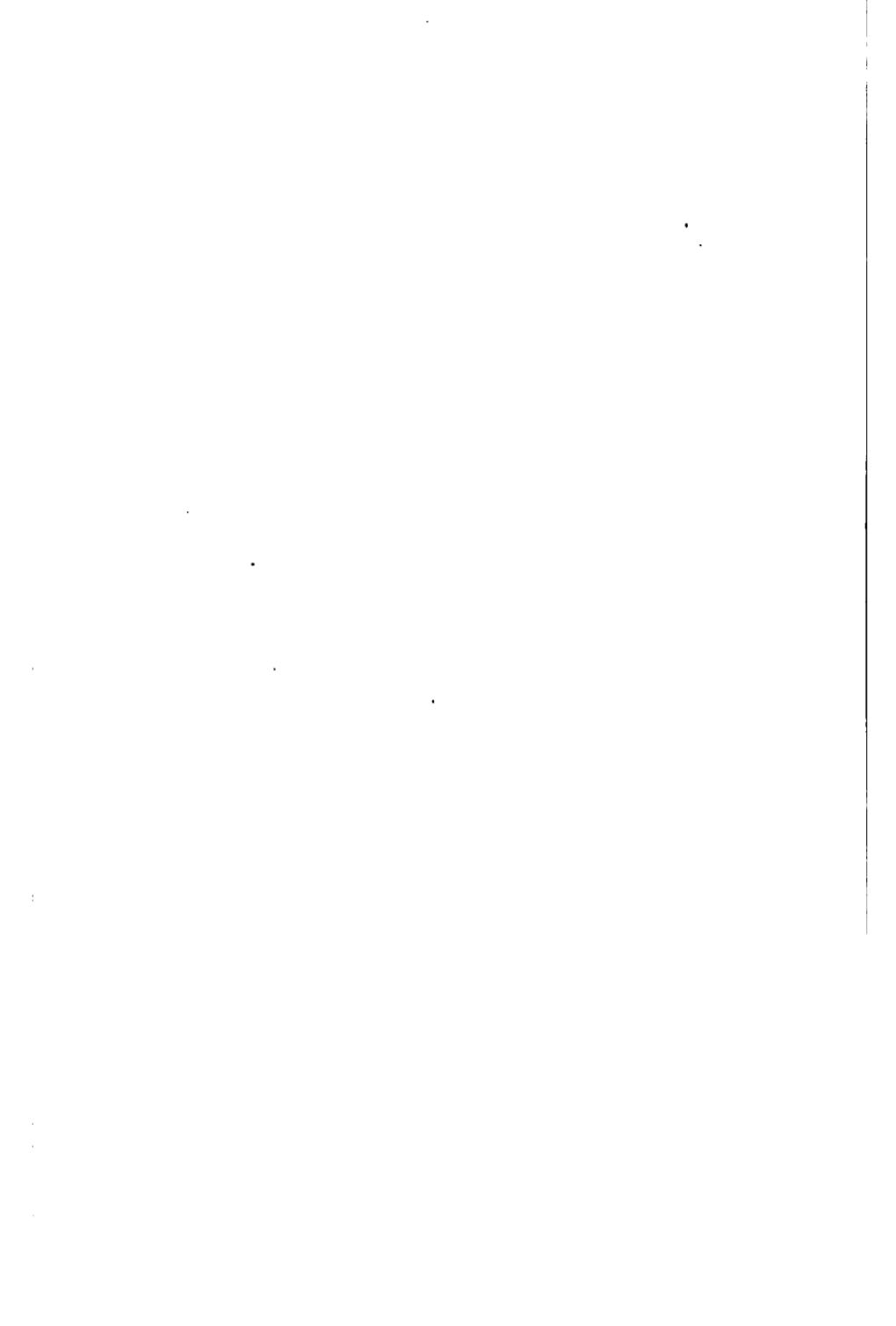
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